Can shared value achieve competitive advantage within the private sector? An Australian Study.

By

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Doctor of Business Administration (DBA)

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Creating Shared Value

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by Dr. Darren J. Bednarski

Can shared value achieve competitive advantage within the private sector? An Australian Study.

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A thesis submitted in fulfilment of the requirements of Victoria University for the degree of Doctor of Business Administration (DBA)

College of Business

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Abstract

Since the 1960s research streams such as business ethics, corporate social responsibility, stakeholder management and competitive advantage have received much attention in academia. More recently, an emergence of the concept of Creating Shared Value (CSV) - asserting that the competitiveness of a business and society are mutually dependent.

This thesis examines whether CSV strategies can influence competitive advantage, and if so, how? A theoretical framework guides the research through a stakeholder perspective, that links CSV strategies with conditions of competitive advantage. The general research approach chosen is a sequential explanatory study - whereby quantitative data is collected and analysed to collect primary data, the results of which are used to inform the subsequent qualitative phase - hence, it is a mixed method approach. Twelve cases were selected, from leading companies across several industry groups in Australia, and in-depth interviews were undertaken. A further process of document analysis was performed to triangulate the findings to establish their validity.

Findings indicated that a company's competitive advantage is enhanced by addressing social issues to reveal new business opportunities, and using its core competencies and resources (superior resources, unique capabilities and solid relationships) through targeted activities to improve their competitive positioning. Competitive advantage is analysed in terms of Porter's Diamond Model that consists of four components: factor conditions, demand conditions, support conditions and rivalry conditions (Porter, 1990).

Notably, the study revealed that stakeholder management and partnerships play a pivotal role in the process of value creation, as they can influence the success or demise of CSV implementations. Aligned interests and 'win-win' outcomes help to shape the competitiveness of a firm, by forging stronger relationships, shared success and drivers that determine cost, differentiation and social progress.

Certificate Of Original Authorship

"I, Darren Joseph Bednarski declare that the DBA thesis entitled:

Can Shared Value achieve competitive advantage within the private sector? An Australian Study,

is no more than 65,000 words in length including quotes and exclusive of tables, figures, appendices, bibliography, references and footnotes. This thesis contains no material that has been submitted previously, in whole or in part, for the award of any other academic degree or diploma. Except where otherwise indicated, this thesis is my own work"

[redacted]

January 15th, 2019

Darren J. Bednarski. MBA

Date

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Table 1: List of Abbreviations

Abbreviation	Definition
ASX	Australian Stock Exchange
BE	Business Ethics
BoP	Bottom of the Pyramid
BV	Blended Value
CA	Competitive Advantage
CC	Corporate Citizenship
CCM	Corporate Constitutionalism
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility
CSV	Creating Shared Value
DFAT	Department of Foreign Affairs and Trade
FMCG	Fast moving Consumer Goods
ISCT	Integrated Social Contract Theory
MNC	Multi National Corporation
NGO	Non Profit Organisation
S	Sustainability
SB	Social Business
SC	Strategic CSR
SCT	Social Contract Theory
SE	Social Entrepreneurship
SM	Sustainable Management
SME	Small to Medium sized Enterprise
ST	Stakeholder Theory
SVC	Shared Value Company
SVP	Shared Value Project
TBL	Triple Bottom Line

Acknowledgements

"An organisations ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage" – ***Jack Welch Jr. (Beam, 1998)***

Few words cannot convey what has inspired my Doctoral studies. To say it's been a rewarding and challenging intellectual and personal experience is an understatement. This research started because I was passionate about sustainable business practices that delivered 'win-win' outcomes for business and society. Approaching my journey's end, I wish to acknowledge and express my gratitude to a number of people. My supervisors, Dr Arthur Tatnall and Dr Bill Davey who, with their expertise and guidance have assisted with the way I approached and developed my research. I also want to thank Victoria University, and the College of Business for having assisted me in developing my teaching skills and employability in the higher education environment.

The support received from my college has been complemented by that received by the organisations and the people involved in this research. In particular, the Shared Value Project - without them it would have not been possible to contribute to the nascent and so relevant academic literature on Creating Shared Value.

On a personal note, a very special thank you goes to my family. In particular to my mother Liz, and my late father George, who have proudly supported my studies throughout the years, and taught me dedication, determination, and the meaning of sacrifice, that has shaped my personality and given me the will to complete this thesis. Finally to my son Remy, whom I know is both proud and inspired - he has been a constant and has kept my life in perspective.

Chapter 1 Research Overview

1.1 Introduction

The introduction of this research commences with an overview of the related terminology, the research question, the objectives of the study and the course of enquiry. This is done in succession with an overview of each chapter and culminating with a conclusion to the introduction.

Importantly, the theoretical outline posits the concept Creating Shared Value (CSV) within the context of business ethics, stakeholder management, Corporate Social Responsibility (CSR) and competitive advantage. The chapter on business ethics draws on the philosophical orientations of the firm, moral behaviour and the profit motive of business practices. A subsequent section paves the foundations of the concept of CSV in support of Porter and Kramer's seminal works. The conceptual introduction depicts the orientations of CSR theory, and a comprehensive review of CSV, its relationship to business ethics, CSR and its implementation. The overview concludes with a review of Porter's Diamond Model of competitive advantage, its four components and how they align with the concept of CSV.

In essence, this thesis explores the relationship between CSV and its orientations, Competitive Advantage (CA) and business strategy and the hallmarks of a Shared Value Company (SVC). Specifically, it investigates an implementation framework: '10 building blocks' for creating Shared Value and Porter's Diamond Model of competitive advantage. As well as drawing on the literature from these areas, this research also explores the application of these ideas across companies and industry sectors in Australia.

There are several claims in the literature regarding Shared Value originality and its validity. Whilst the concept of CSV may redefine the purpose of business and bridge the gap between the incompatible positions of shareholder and stakeholder value, Crane et al. (2014), highlight opposing perspectives inferring that CSV supports corporate cherry-picking and whitewashing problems involving trade-offs, and externalities:

> *"CSV is destined to lead to islands of win-win projects in an ocean of unresolved environmental and social conflicts"* ***(Crane et al., 2014)***.

Porter and Kramer (2011b) argue that companies need to repurpose their economic goals, so as to incorporate a social focus to address societal challenges and needs and as a consequence, drive a new wave of innovation and opportunity - what they termed 'Creating Shared Value'. The premise being that such an approach would create new value and would expand the overall progress of economic and social value - forging a more integrated and holistic connection between business and society.

CSV is a contemporary business concept, which posits economic, societal and environmental progress at the focal point of business and strategy - a new wave of capitalism and innovation. It has gained the attention of the business community at large, some arguing that it is an extension of CSR rather than an original concept. It's definition whilst unique, has avoided reinterpretation by Porter and Kramer (2011b) - yet the research contends that in practice, corporations differ in their understanding of what CSV means.

The literature that followed the seminal works by Michael Porter and Kramer is very limited focusing on both the development of the CSV concept and its implementation - the thesis explores these tenets in the Australian business context.

This chapter introduces the background and motivation for this research and its scope and significance. The research objectives and design is presented along with its contributions and limitations, concluding with an outline of the thesis chapters.

1.2 Background and Motivations for this Research

Sharing has been a way of life and a process of division and distribution since people recognised the value in doing so to obtain their needs and wants. Often an economic activity, sharing is possible at scale as a result of technological advances and the advent of the internet. Known as the 'sharing economy' or 'collaborative consumption', online platforms have been instrumental in brokering 'supply' and 'demand', the success of which has made such businesses global powers of influence.

Exampled by on-demand services of accomodation, skills, commodities or even love - the ability to connect and form communities and enable networking anywhere and anytime, 'value' is added in the marketplace through community participation. Collaboration is infinitely scalable and valuable at minimal additional cost. The utility of users and their individual assets or resources, use online platforms as a vehicle to enable access to goods and services. It's a way of creating Shared Value.

Professionally, I have created and managed several startup businesses to create marketplaces in a bid to deliver 'win-win' outcomes for a community of users in the supply of goods and services, employment outcomes, and housing and accomodation, hence my interest in Porter's CSV philosophy.

In 2014, I joined the Shared Value Project (Mark Kramer is a Director) to assist with the Shared Value movement, gaining valuable exposure to some of Australia's largest and inspiring organisations. Subsequently in 2015, I was afforded the opportunity to create a survey instrument that would form the basis of a pivotal study into Shared Value practices of Australian listed companies (ASX100). The 2015 'State of Shared Value in Australia' survey report was publicly released on Friday 14 August with a panel discussion in Sydney hosted by National Australia Bank, with media partner AFR BOSS at the Museum of Contemporary Art Australia.

Furthering my interest in CSV in March 2016, I undertook a Consulting Affiliate Training program in Sydney, Australia for consultants and practitioners in the Asia Pacific region - working to advance the adoption and implementation of Shared Value.

These events and milestones have evolved my belief in the Shared Value concept and have been the catalyst for my course of investigation. This thesis is intended to provide a sound understanding of CSV, its implementation and success, and provide a theoretical and practical understanding of the concept using real world knowledge.

1.3 Research Scope and Significance

This study takes an exploratory approach to the implementation of CSV, and associated outputs and outcomes of those initiatives. The study is presented in two parts:

A. The ***How?*** ways in which organisations design and employ initiatives through an examination of leadership, strategy, stakeholder management and measurement.
B. The ***Why?*** the key business outputs and outcomes of engaging in CSV from an organisational perspective.

Theoretically, this study aims to move beyond the narrow stakeholder and shareholder differences to examine the nexus between normative and instrumental theories of CSR,. It extends the field of application and opportunities for profit by incorporating neoclassical economists views to align with Porter and Kramer's (2011) CSV framework.

1.4 Research Objectives

The aim of this research is to examine the literature and ascertain whether CSV strategies can achieve competitive advantage. Specifically,

1. How do companies implement CSV?
    i. *How do organisations assign what priorities to focus on?*
    ii. *What strategies do companies employ to pursue CSV?*
    iii. *What role do stakeholders play in the implementation of CSV?*
    iv. *What is the value of CSV performance measurement and how is it communicated?*

The main objective of this research question was to examine the way that CSV is implemented within these organisations across aspects of stakeholder management, governance and strategy.

2. **Does CSV contribute to a company's competitive advantage?**
   i. *What are the potential economic benefits of CSV?*
   ii. *What are the non-monetary benefits of CSV?*

Given that the business case is an essential determinant of Shared Value, it's important to understand the value companies achieve through their CSV activities in terms of brand value and economic and social value. The sum of the parts presented is realised through the various CSV strategies that culminate in companies maintaining competitive advantage. The broader significance and rationale for the study follows. Accordingly, the following research goals were formulated as per Table 2.

Table 2: Research Goals of the Study

Goals	Chapter
To review the literature to ascertain the links between CSV and competitive advantage	Chapter 2: Literature Review
To examine the the components that influence CSV implementation	Chapter 2: Literature Review Chapter 4: Research Findings
To identify whether CSV strategies enable companies to achieve competitive advantage	Chapter 2: Literature Review Chapter 4: Research Findings Chapter 5: Discussion

1.5 Research Contribution

A common goal for most organisations is to achieve and maintain competitive advantage. This is addressed in both management literature and in practice. The current levels of practical success and strategies of CSV initiatives to achieve such a goal, does seem to vary considerably. In examining the companies that participated in this study holistically, their CSV journey appeared to be at different stages of development, yet to compare them directly on a continuum of progress, they would differ in terms of their level of success and scale - clearly, some companies are able to use core competencies to deliver on their goals with greater ease. An obvious extension to the current theoretical recommendations may be to apply a more integrated and simple structural approach. However, organisational complexities including political, social and economic variables means a 'one size fits all' approach is difficult to achieve. Nonetheless, identifying ways in which companies implement their CSV initiatives will assist in determining the perceived benefits of such activities and provide companies with valuable insight in developing effective CSV initiatives that deliver economic and societal benefit.

From a theoretical perspective, given the current state of normative and ethics-oriented arguments and with no empirically based research of the Australian (ASX100) business landscape available, these findings provide important insights into current organisational practices and challenges in implementing CSV. Consequently, the thesis' empirical findings extends the normative literature by investigating the process and various strategies behind the implementation of CSV. Additionally, it highlights the divide between literature and practice and challenges the profit maximisation of business and its wider obligation to the community (Matten, 2003, Tracey, 2005). These initial insights provide current and future researchers and practitioners with avenues to expand the theoretical and practical foundation presented, using CSV strategies to achieve greater purpose in their ongoing pursuit of competitive advantage.

1.6 Limitations

Taking into consideration the resources for this study, the three central delimitations of scope for this research project are defined as follows. First, this study focused on a select number of organisations that were identified as companies actively pursuing Shared Value strategies and the rationale for their selection is discussed in Chapter 3. Whilst the main themes were discussed within the CSV implementation framework in the context of competitive strategies, enquiry into Shared Value measurement was controlled and beyond the scope of this current study.

Second, the study targeted senior leadership from Australian publicly listed companies and relied on their perceptions and reflections regarding their CSV activities. Stakeholders were not interviewed as part of this study. Whilst examining CSV from a stakeholder perspective remains an important research agenda, this research focused on ASX listed Multi-National

Companies (MNC) because of the critical influence, resources and scale they have in the implementation of CSV.

Third, the thesis' focus was on the integration and strategic benefits of CSV in achieving competitive advantage. Whilst the research provides a staged directive in implementing strategies for companies embarking on CSV activities, it is acknowledged that this research does not provide an exhaustive interpretation of the entire CSV journey, specifically CSV measurement in terms of financial and non-financial benefits which are limited to individual perceptions. The research does however, indicate the outputs and outcomes that companies achieve as a result of CSV commitments.

1.7 Thesis Structure

This thesis has a six-chapter structure, including Introduction, Literature Review and Theoretical Foundations and Methodology, Research Findings, Discussion and Conclusions. Chapter Two reviews relevant literature exploring ethics and company, CSR, stakeholder theory and competitive advantage. The review begins by defining morality and why companies exist, through to the evolution of CSR originating from the 1950s and the concept of CSV to the present. Chapter Two then outlines theoretical foundations of CSR and then presents a theoretical convergence of stakeholder theory and strategy theory (competitive advantage) being 'Shared Value'.

Chapter Three presents the research design used to address the following thesis objectives. It discusses the research philosophy, methodology and approach including data collection methods and the strategies used to analyse that information. Specific attention is then given to the research setting and how the participants in the research were selected.

Chapter Four presents the findings from the empirical investigation. In Part A, the findings provide an insight into the various considerations in CSV implementation presented within the detail of ten building blocks illustrated in Figure 2. Part B highlights the key business benefits perceived by executives involved in this study.

Chapter Five provides comprehensive discussions (5.2 to 5.5) stemming from the empirical evidence analysed in Chapter Four. This discussion is framed to explore the context of the empirical findings relating to the central research questions and themes, thus clarifying the contributions of the research project. A conceptual depiction of the results is presented which highlights the central research findings, graphically.

Finally, Chapter Six summarises the thesis by specifically highlighting the theoretical contributions of the project and the practical implications for both researchers and practitioners. Limitations of the study are then addressed, followed by several proposed avenues for further study.

Chapter 2 Literature Review

2.1 Introduction

The concept of 'Creating Shared Value' (CSV) has gained the attention of economic, political and society debates since Michael Porter and Mark Kramer coined the term in 2011 in their seminal article published in the Harvard Business Review (Porter and Kramer, 2011b, Hartman and Werhane, 2013, Beschorner, 2013, Crane et al., 2014, Wieland, 2017). Primarily because it is not always understood by critics - as it ventures beyond the discussion of simple economics, these distortions often make it difficult to assess the importance of the relationship of 'business and society' from a theoretical and practical perspective.

In essence, the concept itself and all the different layers that constitute 'Shared Value', focus on the relationship between 'business and society' and strategic management - both subscribe to the notion of creating a 'win-win' situation for public and private wealth (Hartman and Werhane, 2013, Crane et al., 2014, Wieland, 2017). Public wealth is wealth earned by the public rather than by an individual, who creates private wealth by leveraging paid labor, through the production and use of capital to produce goods and services. Whereas Porter and Kramer use 'Shared Value' to interpret and contest a different understanding of CSR - a driver for innovation, market growth and development (Porter, 2006). Contrary to Adam Smith, they contend that wealth is not the automatic result of the market's invisible hand, rather the result of targeted structures of corporate governance and business ethics.

Crane et al. (2014), posit that critics of CSV believe Porter and Kramer's view of the relationship between 'business and society' is too narrow, or that CSV focuses predominantly on economic logic (Beschorner, 2013). Increasingly, CSV is seen as a subject of CSR research and a focal point in addressing societal challenges.

2.2 Creating Shared Value and business ethics

Academic philosophers gradually accepted the application of ethics to business and economic issues thanks to the seminal work of John Rawls in 1971, A Theory of Justice (Lacewing, 2013). Consequently, the field of business ethics has achieved greater interest amongst science and business circles. Most efforts have concentrated on how business can engage to deliver societal and environmental benefit. The premise being that companies strive for positive impact whilst targeting economic goals to maintain market competitiveness. This social engagement is generally regarded as a cost to the business, when considering the classical understanding of CSR. Academics and practitioners have since added theoretical frameworks to integrate ethics in business and social responsibility, further applying ethics to economic systems and corporations (De George, 2015). Fontrodona (2013) argues that there is a strong relationship between ethics and innovation leading to Porter and Kramer's (2011) concept of creating Shared Value.

Porter and Kramer (2011b) hypothesise that a company's competitiveness is linked to the wellbeing of its societal operational environment and maintain that CSV is integral to both the profitability and competitive position of companies and that CSV is the successor to CSR. They further contend that there exists three ways for companies to create Shared Value:

(1) By reconceiving products and markets
(2) By redefining productivity in the value chain
(3) By enabling local cluster development

If Porter and Kramer's hypothesis remains true, that CSV is an evolution in CSR with a profit motive - the conversation between management and shareholders regarding social engagement would be valid. In effect, CSV could render CSR redundant and act as a catalyst for business to target win-win outcomes for both society and itself.

2.3 Focused Research questions and objectives

Whilst the idea of CSV is gathering pace within the corporate arena, particularly as a strategy to achieving sustainable competitive advantage, academics have been less forthcoming in advocating unanimous support for the concept. Several researchers have challenged the theoretical foundations of CSV, inferring that it is a blend of existing tools found within the context of CSR and sustainability (Beschorner, 2013, Crane et al., 2014, Wójcik, 2016).

This research seeks to reveal the basis of CSV theory on its originality, comparing it to related theories. The second part of the study discusses and validates emerging theory in CSV, using empirical and case study research collected from 'Shared Value' companies.

The research goal is threefold. The first goal is to establish consensus around the definition of CSV and its originality. The second goal is to examine emergent themes of CSV in driving business success. The third goal is to assess what constitutes a 'Shared Value' company. This analysis is based on Australian publicly listed companies (ASX100). Lastly, success factors are established to provide practical insight for organisations considering embarking on a Shared Value journey.

All research goals are aimed to answer the overarching question of whether companies can use CSV to achieve competitive advantage. The research aims to provide insight as to whether CSV is the new solidarity in strategy for making business meaningful as asserted by Porter and Kramer (2011b). The investigation seeks to assess the known literature and propose an extended theoretical framework to determine competitive strengths of companies implementing Shared Value strategies.

2.4 Research investigation

Broadly speaking, business ethics is the application of moral or ethical norms to business, within which emerges the concept of CSV. However, how can morality be reconciled with competition? A review of the literature and theoretical framework aims to do just that by disseminating Porter and Kramer's concept of CSV and comparing that to other approaches of ethical business behaviour. A comparative analysis of Social Businesses (SB), Sustainable Management (SM), Stakeholder Theory (ST), Bottom of the Pyramid (BoP), Social Entrepreneurship (SE), Corporate Citizenship (CS), and Corporate Social Responsibility (CSR), aims to establish the validity of CSV as a developed concept.

An empirical analysis examines the state of Shared Value at an organisational level, and identifies key success factors. Following a survey and case study approach, findings indicate characteristics that constitute a 'Shared Value' business, followed by recommendations for companies wishing to pursue such endeavours.

The concluding section highlights key findings and themes in answer to the research questions. It advances meaning to the concept of CSV in the context of related theories, business insights and the tension between profit and social engagement into key factors to consider when implementing CSV strategies. The academic contribution to research in the field of business ethics, stakeholder theory and CSV is presented, whereas the practical contribution includes key success factors in pursuit of CSV, as well as limitations and considerations for future research. Remarks by the author referencing the primary research question, concludes the research in relation to whether CSV enables companies to achieve competitive advantage.

2.5 An evolution of thinking

2.5.1 Theory of the firm

The premise behind the 'Theories of the firm' are ways of conceptualising profit maximisation for organisations. The answers to "why do companies exist?" and "what are the goals of companies?" are fundamental in understanding corporate governance, and the relationship between business and society (Braendle, 2013). Historically, researchers have attempted to answer such questions through theories such as transaction cost economics (Coase, 1937, Williamson, 1981) and Principal-Agent Theory (Jensen, 1976).

Prior to Coase (1937), the firm was often seen as a 'black box' that operates in self-interest to utilise inputs to maximise economic output. Coase believed that companies have inherent transaction costs whether they elect to produce goods themselves or alternatively use the market to obtain them depending on which is most profitable. Williamson later argued 'why and how' transaction costs emerge is central in understanding how organisations work (Williamson, 1981).

2.5.2 Business ethics

In approaching the concept of Corporate Social Responsibility (CSR), the historical dilemma of whether morality and competition can coexist in todays competitive landscape, is a meaningful philosophical discussion around business ethics.

Business ethics as a moral reflection on commerce can be traced back to the origins of trade (Marcoux, 2008). In a contemporary setting, business ethics as an independent discipline is mainly focussed on multinational corporations (MNCs), other types of business including small to medium enterprises (SMEs) are included in the discussion, all terms are references to commercial entities operating in a 'free market' that is aimed at capital accumulation and competition (Heilbroner, 2008, Semeniuk, 2012).

According to Hursthouse (2002), virtue ethics, deontology and consequentialism are the three major approaches to normative ethics:

I. Virtue ethics: the moral philosopher argues that like natural persons, the corporation has moral qualities that are scrutinised according to its behaviour;
II. Deontology: the philosopher maintains that corporations have a moral duty towards stakeholders;
III. Consequentialists: like deontologists, the philosopher would argue that corporations have a moral obligation subject to consequences of corporate actions to stakeholders.

Chapter 2 Literature Review

According to Semeniuk (2012), the reasoning behind why business' should care about social interests, stems from these three moral philosophies, which can be viewed as the heart of corporate responsibility.

> *"businesses need to integrate the economic, social, and environmental impact in their operations"(Neal, 2008a)*

Wells (2012, 2014) references Adam Smith, in his Theory of Moral Sentiments. Smith (1776) maintains that entrepreneurs should act according to virtues like honesty, prudence and temperance, as well as civility and industriousness. Failing to do so would work against ethical progress and social advantage. Marcoux (2008) and De George (2015) believe that like entrepreneurs, these virtues and the collective moral responsibility towards society and the environment can be applied to business. In contrast, stakeholder theory (Freeman, 1984) implies that the purpose of the firm goes beyond responsibility to their stockholders, to include the coordination of and joint service to its stakeholders - this resonates a duty approach to corporate responsibility (Garriga, 2004, Marcoux, 2008).

Neal (2008b), believes CSR takes its justification from consequentialism which he defines as businesses having certain duties and obligations to society irrespective of virtue ethics or deontology. Sinnott-Armstrong (2011) similarly assert that moral actions are subject to their consequences, irrespective of duty and moral standpoint pertaining to the agent or circumstance (Semeniuk, 2012).

In retrospect Milton Friedman (1970), represented another form of consequentialism arguing the "social responsibility of business". He argued that business should use its resources and activities to increase profits in open and fair competition without deception or fraud. Friedman's words are synonymous with CSR literature (e.g. (Carroll, 1991, Griffin, 1997, Garriga, 2004, Moon, 2006, Bird, 2007).

According to Friedman and his contemporaries Friedrich Hayek and Albert Hirschman, who understood the neoliberal interpretation of Smith's 'invisible hand' theory, maximum shareholder value and efficiency can only be achieved by business in an free and competitive market - utilitarian in principle, whereby the greatest number of people's needs are met (Duska, 2010). Hence Friedman had a utilitarian view of morality and a single ethical goal. Wilcke (2004), asserts that efficiencies of a competitive economy inure to the benefit of all classes of people, rich and poor. According to Friedman, interfering with market forces is costly and subsequently could force companies into bankruptcy.

Semeniuk (2012) contends a majority of capitalist economies oblige corporations to focus on shareholder maximisation in accord with neoclassical economics (Heilbroner, 2008). 'Shareholder theory' as it's known roughly, equals Friedman's position (Marcoux, 2008), whereby leadership is contractually bound to the corporation and the corporation has a fiduciary duty to its shareholders. This is relevant in the context of CSV and the contention around CSR in that CSV aims to maintain such an obligation whilst addressing CSR goals utilising its resources through profitable business models and key partnerships. Like CSV, the definitions of CSR described by Neal and Friedman are similar regarding the primacy of profit – Friedman's explicitly and Neal's implicitly.

2.5.3 Business Ethics: a person-centred approach

Most activities within a firm involve human interactions governed by a legal framework to enable personal, institutional and social progress, a normative frame to promote a living and working environment. Ferrero (2014a) maintain that it is possible to argue that Shared Value as an organisational theory is implicitly a theory about human beings, this follows Mele's (2009) notion that human dignity as a foundation of concept of person is a social principle. It is possible to therefore investigate Creating Shared Value (CSV) from an alternate perspective - the role of people in exacting Shared Value, a person-centred approach. In this broader sense, Mele (2009) states that in people it is possible to find good, norms and virtues. In support of this idea he refers to MacIntyre (1992) and Koslowsky's (1995) remarks regarding rules, virtues and goods. Considering these three elements, it is possible to establish a connection between ethics theory and Creating Shared Value theory.

In order to better understand the ethical foundations of CSV theory, it's prudent to comment further on the elements presented to understand and disseminate its ethical foundations. CSV theory has a heavy emphasis on value creation relating to material goods and the production process. Porter and Kramer (2011) maintain that there are three ways to create shared value, two of which relate to goods and their production. Argandona (2011) and Ferrero (2014a) question what value does CSV theory infer. The term 'value' according to CSV theory relates to 'benefits relative to costs' (Porter, 2011b), in both an economic and social basis however, it does not have transformational effects on people's lives and therefore relates to goods.

> *"Shared Value is part of the competitive strategy of a firm and it is integral to a company's profitability"* ***Porter and Kramer (2011b)***

Rules or norms are rational precepts for regulating behaviour, whether individual persons, structure or activities of companies. Considering the relationship between business and society, norms are obligations and the rules that companies operate within towards the good of society. If we accept that norms are the 'social order' as to how business is expected and allowed to operate, then the relationship between government regulation and Shared Value is balanced (Ferrero, 2014a).

An ethical culture demonstrates an organisation's ethics and guides its ethical conduct (Key, 1999). The idea of ethical culture in an organisation according to Kaptein (2008) is based on Aristotle's virtue ethics and virtue-based theory in business (Solomon, 1992, Solomon, 2004). Scholars have acknowledged virtue ethics in recent business ethics research (e.g., (Solomon, 2004, Sison, 2013, Ferrero, 2014b). In virtue ethics, there is a connection between what the agent does and who the agent becomes as a result; it emphasises character development (Ferrero, 2014b). As for the presence of virtues in the Porter and Kramer approach, there is no explicit references to virtues in CSV. It is an agent or rather person-centred definition and not a process-centred one, it concerns itself with the processes themselves and not the people who guide or make it happen. CSV theory is therefore a process-centred theory.

In assessing these elements, it is fair to say that CSV theory concerns goods and norms, however virtues are absent and cannot be considered complete as an ethical approach for a theory, rather resembling more of a utilitarian approach. The virtue enables the virtuous act that is guided by value. Potentially, a focus on person-centred approach as opposed to a process-centred approach would address the virtue gap and make the theory of the firm based on the Shared Value concept more complete (Ferrero, 2014a). Factoring the legitimate and transformational role of virtues, shifting from a process-centred approach to a person-centred approach is plausible, allowing free human intervention throughout each stage of business activity. As Rouzel (2011) appropriately states:

> *"People make organisations and people make up society. Thus people should be our primary concern when we reflect on how to improve the ethical climate of organisations"* - ***Cecil Rouzel, 2011***

2.5.4 Morality, competition and the firm

Companies do not operate in isolation, rather as a player in an established network with multiple stakeholders. Globalisation has made the playing field more complex, with increased levels of competition among companies, which look for new and creative ways to achieve competitive advantage (Friedman, 2000).

Traditionally, management literature has presented two ideals regarding ethics in business. The first being that the sole responsibility of companies is to maximise profits and shareholder returns, whereas the second is 'ethics pays,' in so far as that shareholder wealth can be created by simply acting in a socially responsible way (Verhezen, 2005). Business ethics can be viewed by companies and their stakeholders as an intangible asset to achieve competitive advantage.

When a company is pursuing a value creating strategy separate to that of its competitors, it is fair to to say that the company is establishing a competitive advantage (Petrick, 2001). Additionally, Fontrodona (2013) states that if the company's competitors are unable to replicate the benefits of such a strategy, then the company has a competitive advantage derived from business ethics. Globalisation has been the catalyst for ethical considerations and achieving competitive advantage through business ethics. Contextually, business ethics is the prerequisite for doing business in a global marketplace - a view shared by Hana (2013), and this ties to innovation leading to Porter and Kramers (2011b) concept of Shared Value.

> *"Companies that adhere to a strong ethics policy are likely to enjoy a long-term competitive advantage."* ***Fortune Business leaders Council Survey, Jan. 2006***

Porter (1998), further contends that sustaining competitive advantage requires change, and that companies need to respond to the demands of business ethics by exploiting industry trends, thus eliminating threats. Relationships built on integrity with stakeholders establish trust and build firm reputation and mutual respect (Boatright, 2012). Successful companies perceive stakeholders as constituents, rather than spectators in their strategic pursuits to sustain their competitive position.

2.6 Introduction to the concept of Creating Shared Value

This section of the study introduces Michael Porter and Mark Kramer's 'Creating Shared Value'. In addition, the chapter provides a brief chronology of Corporate Social Responsibility (CSR) developments and highlights several definitions that have evolved since the 1960s. The basis of discussion around CSR is that Porter and Kramer contend that CSV is an extension of CSR with a strategic focus. The chapter highlights the concept of CSV as a strategic framework, its implementation and discusses reactions to its merit.

2.6.1 CSR Theory: A brief chronology

Whilst no universal definition of Corporate Social Responsibility (CSR) exists, a generalised concept that constitutes 'good' or 'desirable' business behaviour within the confines of moral and ethical judgement tends to be of standard acceptance. Armstrong (2006) asserts that CSR is still in its infant stages however, a modern understanding of what the social responsibility of business is posited by Abrams (1951), who singled managements' recognition at the time, of a greater responsibility towards their stakeholders (employees, customer, and society). Howard R. Bowen in 1953, whom Archie Carroll considers as the "Father of CSR", was the most prolific researcher in the field of CSR during the 1950s, with a focus on larger enterprises and their ability to influence societal change. Bowen articulated the first definition for CSR, referring to it as social responsibility in his work titled: "Social responsibilities of the businessman" (Bowen, 1953). It was during this time that Levitt (1958) and Friedman in the turn of the decade warned about the negative consequences of social responsibility (Cheers, 2011).

2.6.2 Agency and Shareholder Theories

During the 1960s and 70s, social consciousness was on the rise with an emphasis on environmental protection, women's rights, freedom, love and non-monetary values, and a negative sentiment towards the pursuit of corporate profit emerged - a perception shrouded with corporate greed at the expense of the broader community (Levitt, 1958). McGuire (1963) contends that heightened societal awareness placed increased pressures on companies to go beyond their traditional fiduciary obligations and to take on broader responsibilities (Davis, 1960, 1973), (Walton, 1967) and (Andrews, 1971), and account for the ethical consequences of their activities (Davis, 1975).

It was during this time that Head (1970), Murphy (1978) and Carroll (1979) introduced topics such as philanthropy and concerns regarding employee welfare and customer relations began to surface, even though it was widely acknowledged at the time that such social responsibility involved a degree of voluntarism (Walton, 1967).

A contentious debate was brewing between Milton Friedman and proponents of stakeholder theory (see Carroll, 2010). Fearing social responsibilities would dampen the profit motive, Levitt (1958) argued that the role of business was to address more material aspects of welfare - later restated by Milton Friedman (1962), who famously stated:

> *"…there is only one and only one social responsibility of business – to use resources and engage in activities designed to increase profits so long as it stays within the rules of the game"* ***(Friedman, 1970)****.*

The statement is not without contention, whilst Friedman is clear that agents of the business have to play within the 'rules of the game', it is less clear as to whether they are permitted to engage in unethical behaviour in pursuit of profits. Jensen et al. (1976) believe Friedman's approach in principle is compatible with agency theory, whereby agents and principals' interests are aligned - incentivised to maximise shareholder returns. Therefore, the performance appraisal of agents is inextricably linked to that of the business, hence agency theory is conducive to maximising shareholder value. Porter (1992) recognised the economic (remuneration) instability and insecurity agents were exposed to the market performance of their firm.

Supporters of Friedman's shareholder theory questioned whether CSR delivered value creation, rather than being seen as a cost to the business. Drucker (1984) however believed that profitability and responsibility were simultaneously achievable, stating that the challenge was to realise business opportunities whilst adhering to socially responsible practices. Like Drucker, Keim (1978) believed CSR was good for business, cause-related marketing gained validity (Murray, 1986, Varadarajan, 1988, Smith, 2000), as well as Porter and Kramer's (2002, 2006) corporate philanthropy in a competitive context - the idea that CSR can impact financial performance in a positive way was gaining momentum, as some shareholders felt that CSR was good for business (Davis, 2005).

Jensen (2002) viewed CSR as enlightened value maximisation, however acknowledging that companies face a dilemma between stakeholder interests and value maximisation for the firm. Burke and Logsdon (1996) extended this thinking with their concept of Strategic Corporate Social Responsibility (SCSR). They contend that SCSR refers to policies, programmes and processes that contribute benefits directly to the business whilst achieving the company's objectives, hence proposing a business case for CSR - this perspective is not dissimilar to Friedman's vision. Refer to Table 1: Selected Theoretical Papers on CSR (Mcwilliams, 2006).

Table 3: Selected Theoretical Papers on CSR

Author(s)	*Nature of theoretical perspective(s)*	*Key argument / result*
Friedman (1970)	Agency Theory	CSR is indicative of self-serving behaviour on the part of managers, and thus, reduces shareholder wealth
Freeman (1984)	Stakeholder Theory	Managers should tailor their policies to satisfy numerous theory constituents, not just shareholders. These stakeholders include workers, customers, suppliers, and community organisations
Donaldson and Davis (1991)	Stewardship Theory	There is a moral imperative for managers to 'do the right thing', without regard to how such decisions affect firm performance
Donaldson and Preston (1995)	Stakeholder Theory	Stressed the moral and ethical dimensions of stakeholder theory, as well as the business case for engaging in CSR
Jones (1995)	Stakeholder Theory	Companies involved in repeated transactions with stakeholders on the basis of trust and cooperation have an incentive to be honest and ethical, since such behaviour is beneficial to the firm
Hart (1995)	Resource-Based View of the Firm	For certain companies, environmental social responsibility can constitute a resource or capability that leads to a sustained company's competitive advantage
Jennings and Zandbergen (1995)	Institutional Theory	Institutions play an important role in shaping the consensus within a firm regarding the establishment of an 'ecologically sustainable' organisation
Baron (2001)	Theory of the Firm	The use of CSR to attract socially responsible consumers is referred to as strategic CSR, in the sense that companies provide a public good in conjunction with their marketing/business strategy
Feddersen and Gilligan (2001)	Theory of the Firm	Activists and NGOs can play an important role in reducing information asymmetry with respect to CSR on the part of consumers
McWilliams and Siegel (2001)	Theory of the Firm	Presents a supply/demand perspective on CSR, that can be determined by cost benefit analysis
McWilliams et al. (2002)	Resource-based View of the Firm (RBV)	CSR strategies, when supported by political strategies, can be used to create sustainable competitive advantage
Waldman et al. (2004)	Strategic leadership theory	Certain aspects of CEO leadership can affect the propensity to engage in CSR. Companies run by intellectually leadership stimulating CEOs do more strategic CSR than comparable companies

(Source: Mcwilliams, 2006)

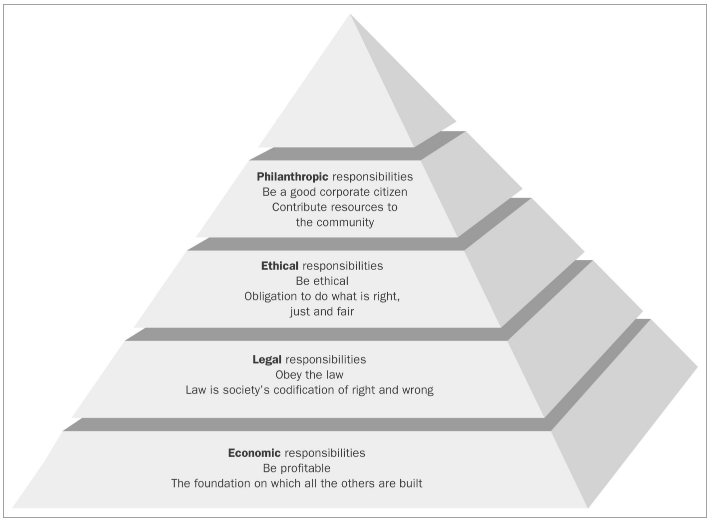
2.6.3 Corporate Social Responsibility

During the late 1960s and early 1970s was the advent of a managerial approach to CSR, a planned approach that would encourage social performance assessment, institutionalise social policy and align such to corporate strategy. Dow Votaw (1973) notably described CSR differently:

"the term is a brilliant one, it means something, but not always the same thing, to everyone", ***Votaw (1973)***

Carroll (1991) who had associated CSR with philanthropy and discretionary spending was more definitive, in that he classified the responsibility of business by four hierarchical levels known as Carroll's CSR pyramid. Refer to Figure 1: Carroll's CSR Pyramid (Carroll, 1983)

Figure 1: Carroll's CSR Pyramid



(Source: Carroll, 1983)

New CSR concepts started to emerge by the 1980s, most notably Edward Freeman's Stakeholder Theory which contested the view of Milton Friedman's Shareholder Theory (social contracts), maintaining that business should not only create value for shareholders, but also its stakeholders. The theory maintains that companies have a social contract with society for allowing them to operate (O'Brien, 1996). It is important to mention that it was around this time that Freeman influenced the discussion around stakeholder theory and business ethics, and the relationship between the two (Frederick, 2008). Drucker (1984), contributed further to the CSR movement, as a notable academic he challenged companies to transform social challenges into business opportunities.

During this time, complimentary concepts had emerged in the area of CSR. Freeman (1984) introduced stakeholder theory and business ethics as developments in the concept of CSR. The 1990s gave rise to the advancement of concepts such as Corporate Social Performance (CSP), Stakeholder Theory (ST), Business Ethics (BE) and Sustainability, and many large MNCs began to showcase their commitment and efforts towards CSR initiatives with dedicated personnel and departments to support coherent strategies involving the same. It was during this period that many academics focussed on implementation of the stakeholder model including individual and firm behaviour. Notable academics included Clarkson (1995), Donaldson and Preston (1995a), and Jones (1995).

The new millennium brought with it a greater emphasis on empirical research, with a shift from historical approaches to factor broader business and societal activities which Schwatrz and Carroll (2003) classed as economic, legal and ethical dimensions. Elkington (1994), proposed a systematic approach to managing a company's responsibility which he broadly described as economic, social and environmental - known as 'triple bottom line' it is a measurement approach as to how a company through its operations exacts additional value within such parameters and engages market forces to do so. According to the GRI (2010) with respect to economy, CSR should seek new measurements of wealth, like the utilisation of existing resources or intellectual capital to reduce business costs or broaden market opportunity. Regarding the company's environmental footprint, CSR should address the implications of resource and energy use, and should be considered throughout the company's activities whereas the social dimension, CSR should guide the companies activities to maximise societal impact.

Kotler and Lee (2005) advanced the business case for CSR and demonstrated how a CSR approach with stakeholder interests in mind can deliver business success in terms of value creation (Wheeler et al., 2003, Porter and Kramer 2006), a win-win for business and society. This view of social responsibility and the relationship between business and its operational community was mentioned in the works of Davis and Blomstrom (1975) and Kurschner (1996). The premise being that companies act as good Corporate Citizens (CC) and seek to accomplish social benefits along with traditional economic gains (Waddock, 2004).

2.6.4 Corporate Social Performance

Since the early 1950s, companies have sought to demonstrate and measure the strength of relationships with their stakeholders. Corporate Social Performance (CSP) as its labelled, is a new type of business spawning: one that demonstrates a responsibility towards multiple stakeholders as opposed to a more traditional, singularly focussed shareholder (Freeman, 1984, Brenner, 1993, Clarkson, 1995, Donaldson T., 1995b, Sethi, 1995, Shrivastava, 1995). It encompasses both descriptive and normative aspects of the field, as well as placing an emphasis on all that companies are achieving or accomplishing in the realm of social responsibility policies, practices and results (Carroll and Shabana 2010).

The CSP construct has evolved from the works mentioned earlier including Bowen's (1953) "the social responsibility of the businessman" and Davis' (1973) essay on corporate social responsibility (CSR); to Carroll's (1979) CSR model of economic, legal, ethical, and discretionary domains; to Wartick and Cochran's (1985) addition of 'issues management' and so on. According to Wood (1991), CSP refers to:

> *"A configuration or a pattern of an organisation's beliefs on corporate social responsibility, social responsiveness, as well as the policies, regulations, and the outcomes as they connote to the relationship of the organisation to the society as a whole."* ***Wood (1991)***

Sethi (1995) refers to the writings of Ackerman (1973), Ackerman and Bauer (1976) in the 1970s regarding corporate social responsiveness, in response to formal requirement imposed through legislation, as the result of increased protestation against capitalism and growing social concerns. Frederick (1978/1994) formalised the distinction between corporate social responsibility (CSR1) from corporate social responsiveness (CSR2). During this time, Sethi (1975) introduced a third element to distinguish between corporate behaviours that he termed 'social obligation' (in response to market forces or legal constraints). Sethi (1975) differentiated the nature of social obligation as being 'proscriptive', and social responsibility as being 'prescriptive'. Heath and Nelson (1986) associated social responsiveness with 'issues management', a proactive approach that strategically addresses potential threats, triggered by political and social change. Fombrun (1996) and Turban and Greening (1997) suggest that cases whereby companies are responsive to both internal and external stakeholders may develop a positive reputation. Fombrun (1996) makes a distinction between a company's image and its reputation. Whereby image relates to:

> *"the ability to directly manage impressions"* ***Fombrun (1996).***

Quazi and Richardson (2012) have uncovered CSR literature that represents links between CSP and moral ethics. Weshah et al., (2012) believe this is the result of embedded principles of social responsibility into policies and process that foster social relationships between business and society and is the result of CSR activities that achieve the objectives of its stakeholders (Hafsi, 2013). According to Font et al. (2016), the literature pieces a clear link between social responsibility, multiple stakeholders and its connection to communities and long-term sustainability (Calabrese, 2013). Furthermore, corporate social responsive behaviour exemplifies a company's attitude towards business ethics, corporate citizenship and its role in society (Lipunga, 2015). Whilst there are notable disagreements regarding CSP and how it is measured, evasive qualities add a degree of difficulty in evaluating CSR (Mahon, 2012, Salazar, 2012).

2.7 Overview of definitions of CSR and related concepts

Carrol (1999) maintains that several definitions exist beyond economic and legal expectations to include ethical and discretionary (philanthropic) concerns, inferring that business has a greater responsibility to society than purely an economic one. Stated simply, business has a direct role in making the world a better place. This is in stark contrast to the views of Adam Smith and Milton Friedman (1970), who declared that *"the social responsibility of business is to increase its profits"* - maintaining that creating value for society should be done by managers as private individuals at their own expense and not of that of the company's. According to Gioia (1999), managers tend to view the demands of CSR difficult to operationalise and vague at best - often lacking in representing the complex day-to-day realities they face. Haniffa (2005) believes that CSR may not be a priority for all executives, and fails to prioritise business decision making. A contradiction in thinking considering their human and business desire to be perceived as socially responsible. The majority if not all the ASX100 have explicit CSR polices and initiatives. The question remains as to what motivates these companies, is it a genuine desire to achieve societal good or mitigate reputation risk?

It is an evolving concept that companies integrate social, environmental and economic considerations in to their strategy, operations, values and culture in an accountable manner to achieve wealth creation and societal impact. Moon, Crane, and Matten (2006), assert that CSR is viewed as essentially a contested concept, as it is both internally complex with nondescript rules of application, and lacks enforcement by legislation. It is however, a deliberate commitment by business towards its employees, the environment and society at large. It reflects a conscious mindset that aligns social imperatives and consequences in targeting business success. This approach is reflected by modern business, especially among the more prosperous economies of the world.

As stated earlier, CSR in definition is murky at best (Dahlsrud, 2008), there is however a published history of the terms evolution (Carroll, 1999). Recognised as a discipline of business ethics, CSR has achieved broad acceptance in the business world (Lee, 2008), yet it remains fuzzy and contested (Amaeshi, 2007, Okoye, 2009). Over the past 30 years authors have and continue to debate the definition of CSR, the reason rests predominantly in the varying ways it's been applied in social, political, environmental, cultural and geographical contexts (Freedman, 2010). Table 4 provides a number of CSR definitions that range from ethical practices to enhance welfare and society, others propose that CSR is so broad that it lacks clear meaning, whilst others believe that the varying definitions are congruent regarding the effects of business on its stakeholders. With respect to this thesis CSR is defined as:

> *"Corporations engaging in voluntary social efforts that transcend legal regulations"* ***(Davis, 1973, Piacentini, 2000, Mcwilliams, 2001)***

Table 4: List of CSR Definitions

Years	CSR Definition	Author
1950s (infancy)	*"the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society"*	*(Bowen, 1953)*
1960s (incubation)	*"Businessmen's decisions and actions taken for reasons at least partially beyond the company's direct economic or technical interest"*	*(Davis, 1960)*
1970s (exploration)	*"The personal obligation of the people as they act in their own interests to assure that the rights and legitimate interests of others are not infringed"*	*(Koontz, O'Donnell, 1977)*
1990s (development)	*"CSR is an organisation's commitment to operate in an economically and environmentally sustainable manner while recognising the interest of all its stakeholders"*	*(Carroll, 1991)*
2000s (relative maturity)	*"CSR is a commitment to improve community well-being through discretionary business practices and contributions of corporate performance"*	*(Kotler, Lee, 2005)*
2000s	*"the way in which a company manages and improves its social and environmental impact to generate value for both its shareholders and its stakeholders by innovating its strategy, organisation and operations"*	*(European Union Commission, 2006)*
2000s	*"CSR is the responsibility of an organisation for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour"*	*(ISO26000, 2010)*

2.8 CSR Today

In more recent times, CSR has been reinforced with the introduction of globalisation and liberalisation. An emphasis on CSR permeates higher education and has become popular throughout the developing world. Many companies are actively supporting and promoting the concept of CSR (Baxi, 2006), and often do so by way of policy or practice. Companies also use CSR as a strategic or defensive ploy - an attempt to preempt competitors from gaining a competitive advantage by differentiating oneself or engendering consumer and employee goodwill (Mcwilliams, 2001, Husted, 2007). Rival companies tend to follow suit in any given industry in fear of losing market share or simply in the belief that it's the right thing to do. Today, CSR is commonly found within the business domain irrespective of the underlying reason (Lindgreen, 2009, Cheers, 2011).

2.9 CSR theories

When considering business and society, various relevant CSR theories and approaches exist. For the purpose of this study, the author considers the works of Parsons (1961), and subsequently that of Garriga and Mele (2004), who classify relevant theories into four groups. This is particularly important as to identifying where Shared Value sits from a theoretical standpoint.

1. Instrumental theories
2. Political theories
3. Integrative theories
4. Ethical theories

These groups are formulated based on the following aspects of social reality: economics, politics, social integration and ethics (Garriga, 2004)

2.9.1 Instrumental theories

Garriga and Mele (2004) believe that CSR is used by corporations as a strategic tool for wealth creation. Instrumental theories are widely accepted according to Windsor (2001), they are not limited solely to the pursuit of profit without consideration for stakeholders, nor do they ignore the interests of shareholders (Mitchell, 1997, Ogden, 1999). According to McWilliams and Siegel (2001), levels of investment in philanthropic and social activities are also permissible in the pursuit of economic outcomes. Scholars have acknowledged such approaches as an increasing number have determined correlations between corporate financial performance (CFP) and CSR activities (Frooman, 1997, Griffin, 1997, Garriga, 2004).

Within this sphere, Garriga and Mele (2004) identify three distinct groups:

1. Maximising the shareholder value
2. Strategies for achieving competitive advantage
3. Cause-related marketing

According to Ross (1973), the traditional idea of maximising shareholder value can be likened to agency theory, however in todays business arena it is not uncommon to align stakeholder interest within the same vein, particularly long-term value maximisation (Jensen, 2002). It is noted that maximising the shareholder value is at the forefront of corporate decision-making.

Husted and Allen (2007) believe three approaches can be pursued in the second group when employing strategies to achieve competitive advantage through long-term social objectives:

(a) Social investments in a competitive context;
(b) Natural resource-based view of the firm and its dynamic capabilities; and
(c) Strategies that address the bottom of the economic pyramid (BoP).

For the purpose of this study, reference to the first approach is relevant in that Porter and Kramer (2002) have applied a well known model on competitive advantage. They argue that investing in philanthropic activities (what they describe as a competitive context), may be the only means to improve the context of competitive advantage of the firm as it usually creates greater societal impact than would otherwise be achieved by individuals or governments (Garriga, 2004). This is in direct contrast to Friedman's position, as they consider the firm to have the necessary resources and knowledge to tackle social problems related to their mission.

According to Murray and Montanari (1986), Varadarajan and Menon (1988), the goal of cause-related marketing is to increase company revenues, sales or client relationships through reputation and brand. The means of doing so, is generally by way of acquisition or association with respect to ethical or social attributes. As companies attempt to portray themselves in a positive way, honest, reliable, charitable, and of good quality to differentiate themselves from competitors (Mcwilliams, 2001).

2.9.2 Political theories

Political theories relate to the power and power relations (interactions and connections) that business' have with society, and the resources and influence that large companies can exact to address their inherent responsibility. When considering the CSR debate, several theories can be distinguished even though many approaches exist such as, Corporate Constitutionalism (CCM), Integrative Social Contract Theory (ISCT) and Corporate Citizenship (CC).

i. Corporate constitutionalism according to Davis' Iron Law (1960), is that in organisational models, responsibility derives from power and, should they fail to meet society's expectations, then they risk losing it. Davis contended that this 'power' was limited by stakeholder pressure in the same way a constitution works, hence the name 'corporate constitutionalism'.
ii. Donaldson and Dunfee (1994) authored a radically different view termed 'integrative social contract theory' (ISCT), an implicit and voluntary contract a firm signs with society according to some rights and duties - a social licence to operate. ISCT is premised on two basic levels: a macro level, between business and society, that define a common basis for all individual contractual relations; and a micro level, that regulates the actual relationship between the company and society.
iii. Corporate citizenship, whilst not a novel concept, has received much attention with the advent of globalisation (Matten et al., 2003). Corporate citizenship is the responsibility of business and possible partnerships of business in society and is generally aligned with the local community in the form of partnerships in specific ways to address societal concerns. It is often described as similar in nature to social contract theory (Garriga, 2004). According to Waddock (2004), corporate citizenship comes along with corporate accountability and companies are responsible to both shareholders and society.

2.9.3 Integrative theories

Cunha et al. (2006) posit that Integrative theories are based on the premise that a company's sustainability depends on societal demands (kudos and legitimacy) for its existence, continuity and growth, and therefore should encompass such in its core activity. There are four main integrative theories, according to Garriga and Melé (2004).

i. Issues management, the way a business conducts itself relative to societies expectations, how the business identifies, evaluates and responds to social and political issues it may have an influence on, following the premise that it adheres to an implicit contract with society. Ackerman (1973) describes the process of 'Institutionalisation of the policy' as one that must be embedded in the culture, behaviour and strategy of the organisation to warn against negative impact of its activity.
ii. The principle of public responsibility means that business is responsible for outcomes as a result of its activities and interest within society, furthermore they are responsible for solving the problems they create. It views society and companies as interdependent systems that share and therefore are responsible, for the same societal ecosystem. Preston and Post (1981) believed that business should be involved in drafting policy and legislation, especially in emergent areas, where governments are often lagging.
iii. Stakeholder management theory according to Freeman (1984), focuses beyond shareholders to include all parties affected by corporate policies and practices, it posits that they have a legitimate interest with intrinsic value, as they are subject to the activities of the business. A central goal of stakeholder management is to establish a mutual level of cooperation between the business and its stakeholders, this is achieved by factoring in their interests into the decision-making process.
iv. Corporate social performance (CSP) was first introduced by Carroll (1979, 1991) and a set of theories that includes a search for social legitimacy. In Carroll's (1991) model, it had three elements: a definition of CSR, the issues which the corporation is responsible and the way of responding to those issues. Carroll and Schwartz (2003) continued to refine the model to include economic, legal, ethical and discretionary categories of business performance. Wood (1991) further developed CSP to include the principles of CSR, expressed on institutional, organisational and individual levels which include processes of corporate social responsiveness, and outcomes of corporate behaviour.

2.9.4 Ethical theories

Ethical theories focus on the ethical requirements that strengthen the relationship between business and society. That is, what is morally and ethically right or necessary to establish a good society. These theories usually are prescriptive and include four perspectives:

I. Normative stakeholder theory considers the interest of all stakeholders of the firm, and an avenue for them to integrate their inherent social demands (Freeman, 1984). Specifically, Donaldson and Preston (1995b) subscribe to the notion that normative theory is central to stakeholder theory, as stakeholders have legitimate interests that have intrinsic value. Its application requires reference to any moral theory: Kantian (Evan, 1988, Bowie, 1991), theories of distributive justice and property (Donaldson T., 1995a), and libertarian theories (Freeman, 2002). Donaldson and Preston (1995a) maintain that the objective of normative theory is to answer two questions:

    i. What are the responsibilities of the company in respect of stakeholders?; and

    ii. Why companies should take care of interests other than shareholder's interests?

    Freeman (1984) views this as a separation between spheres of ethics and economics, as he believes that every organisation should define their moral principles as a basis for their decision-making.

II. A recent approach to CSR has been universal rights theory (Cunha. F, 2006). Cassel (2001) maintains that human rights approaches have more recently formed the basis of CSR. It commenced with the publication of international protocols and standards, such as the UN Global Compact, the Equator or the Caux Round Table Principles, Universal Declaration of Human Rights, labour rights and environmental protection. Whilst for many, universal rights are based on consensus, Donnelly (1985) asserts they have a theoretical grounding (Garriga, 2004).

III. Sustainable development is aimed at achieving human development, whilst accounting for both present and future generations and according to Garriga and Mele (2004), should be considered a part of CSR. To evaluate its own sustainability, the business should adopt a 'triple bottom line', which would include not only economic, but also social and environmental aspects of performance. According to Fergus and Rowney (2005), it is a vague, ambiguous theory, however it has shifted companies from accounting the single (economic) bottom line to a triple bottom line, to include social and environmental considerations to make balanced judgments for the long term.

IV. The 'common good approach' maintains that business must contribute to the common good (societal welfare), because it is a part of society. It draws its orientations from Aristotle (Smith, 1999) and the Catholic Church's concept of Justice (Carey, 2001), and has similarities to both stakeholder and development theories (Argandona, 1998). Corporations can achieve the common good by creating wealth and providing goods and services efficiently and fairly, whilst maintaining individual rights and working towards social harmony (Mele, 2002). There are similarities with the Japanese concept of kyosei (Cunha. F, 2006, Fiigueira, 2013), which includes five steps towards peace and prosperity based on fair competition and the common good, later adopted and extended to seven principles by the west - The Caux Principles:

i. to be responsible towards all stakeholders;
ii. to contribute to triple bottom line development;
iii. to go beyond the law, in a spirit of trust;
iv. to respect rules and conventions;
v. to support responsible globalization;
vi. to respect the environment; and
vii. to avoid illicit business.

2.10 Stakeholder, Shareholder theories and Competitive Advantage

2.10.1 Introduction

The previous section introduced theory regarding business ethics, CSR theory and its various definitions so as to establish theoretical underpinnings of CSV - the research focus. The following section aims to establish a theoretical basis for the relationship between stakeholder theory and competitive advantage

2.10.2 Stakeholder and Shareholder Theory

The discussion of business ethics and CSR two normative theories dominate academic literature; shareholder theory and stakeholder theory. These theories through their own perspective, concern how corporate leaders operate in their business environment, and drive how such leaders make business decisions. As the name suggests, shareholder theory places a priority on shareholder's interests, whereas stakeholder theory focuses on broader stakeholder interests of the business.

There is an ongoing debate however between proponents of both theories, as there exists a number of misconceptions regarding their application. Shareholder theory is often misunderstood to enable managers 'carte blanche' to deliver profits, whereas in reality the theory obligates them to do so through legal, non deceptive means. These legal and ethical controls dictate how a company conducts itself within business. Both theories can be applied in a practical setting, however corporate leaders should be clear about the theoretical approach when applying it to internal and external communications. Corporate objectives need to be translated throughout the organisation to ensure consistency in decision making, avoiding confusion to establish a common understanding of daily business.

2.10.3 The Stakeholder Concept

According to Garriga and Melé (2004), normative stakeholder theory can be posited within integrative and ethics theory as Freeman (1984) gave it an ethical dimension. Donaldson and Preston (1995a) state the importance of being able to identify and differentiate stakeholders in order to construct a CSR agenda. Russo and Perrini (2010) remind us of the importance of stakeholders, the belief that by maintaining stakeholder interests and providing value added activities is beneficial to long term success. Other proponents consider increasing shareholder wealth as myopic in view. In any case, CSR makes companies more attractive to consumers and therefore should be pursued by all companies (Cheers, 2011).

Guthrie and Parker (1989) advocate that because companies have the means, they should engage in social ventures and also assert that larger companies have a greater responsibility than their smaller counterparts. Corporations have implicit contracts with stakeholders to address their long-term interests and in doing so, companies establish a social licence to operate. That is, because society provides important benefits to the corporation, the corporation is obligated to promote society's interests in return. The ability of a business to respond to these factors to achieve various goals, constitutes responsible conduct and social responsibility.

2.10.4 Ethics and the social contract approach

Donaldson (1982) describes the role of business and its relationship with society as an implicit social agreement. Within the context of CSR, a business acts and responds to how society implicitly expects them to operate (Moir, 2001). These 'social' contracts according to Donaldson and Dunfee (1999) are informal, implicit but nonetheless critical in binding them into moral communities with various industry, trade groups, other businesses and economies. The modern social contract according to Donaldson (1982) affords companies protection (corporate legitimacy) in exchange for the production of goods and services as long as they observe the rights of customers and employees in doing so.

In tackling business dilemmas, companies are expected to adhere to minimum standards of justice, the law, human rights and any practice that negatively impacts society. Social Contract Theory (SCT), infers that universal rules and natural laws can be agreed upon by human beings. From a moral and ethical standpoint, human beings should submit themselves to the Leviathan to obtain peace - a view that is the basis of Kant's categorical imperative. However within John Locke's writing, there is an emphasis on property rights regulated by the law in addition to the social contract:

> *"The state of Nature has a law of Nature to govern it, which obliges every one, and reason, which is that law, teaches all mankind who will but consult it, that being all equal and independent, no one ought to harm another in his life, health, liberty or possessions"*, ***Isaac Newton*** *(Janiak, 2014).*

Jean-Jacques Rousseau advances the idea of social contract from nature to one of convention - a more individualistic view of humanity, whereby people should contribute to the rules of society:

> *"The social order is a sacred right which serves as a basis for all others. Yet this right does not come from nature; it is therefore based on conventions"* **Isaac Newton** *(Janiak, 2014).*

A similar view is held by John Rawls in what he calls "justice and fairness" and any aspects outside of this which may seem arbitrary, from a moral point of view he describes as a "veil of ignorance", people are simply unaware of the various alternatives that will affect their own situation and are obliged to evaluate such principles based on general considerations (Rawls, 2001). According to Rawls, inequality is not incompatible with justice, but should be considered in terms of fairness and ensuring advantage for all. Whereas utilitarianism will consider the sum of total benefit, social contract theory is justified when inequality is addressed from both sides of the equation - the rich and the poor. In a business context, Hsieh (2009) maintains that the concept of justice is not without its challenges (remuneration, worker participation etc.), and a strict approach to Rawls philosophy by businesses in practice, may redefine or even eliminate capitalism as we know it.

The 1990s presented a different spin on social contract theory by Donaldson and Dunfee whereby social norms within communities were dictated by rules of behaviour. These communities comprised of people establishing norms of ethical behaviour, they are "self-defined and self circumscribed" in the context of shared tasks, values, or goals (Donaldson, 1994). The social contract among such community members or stakeholders forms a strategic role in an organisation achieving its long terms goals as well as its day to day objectives.

Sacconi (2005) maintains that the need for trust in operationalising social contract is to manage, regulate and distribute organisational commitments and address stakeholder expectations. The social contract serves a number of purposes including the boundaries within which the organisation operates, its inherent responsibilities and provides alignment for parties involved in achieving their desired outcomes. Davis (1967) further believes that business should address societies issues because other institutions have failed in their attempts. In order for business as an institution to retain its social authority, business must meet the needs of society.

> *"Society ultimately acts to reduce the power of those who have not used it responsibly"* **(*Davis, 1967*)**.

However, opponents of stakeholder theory have a contrasting view and believe that business lacks the skills and expertise to serve in social areas other than political institutions.

2.10.5 Problems with Stakeholder Theory

There exist some significant disadvantages when considering stakeholder theory, namely that it denies fiduciary responsibility and runs directly counter to corporate governance. Stakeholder theory, further contends that shareholders needs are displaced by the priority placed on shareholder interests as the firm should be operated to maximise their returns. CSR programs are seen as a cost to the business and very much a deviation from shareholder returns.

2.10.5.1 Oversimplification

Societal issues have always existed, Karnani (2010) asserts that if such problems were as easy to address as stakeholder theory suggests, then they would have been addressed and remedied a long time ago. Companies and indeed managers recognise that CSR activities add costs to the business and hamper profits, which would most likely result in eventual unemployment. Shareholders desire a return on their investment and would almost certainly reject objectives that deviate from such a premise. This highlights the issues underpinning social problems and indicates that stakeholder theory has fundamental limitations.

2.10.5.2 Overregulation

A valid argument regarding stakeholder theory is overregulation, whereby CSR activities present more rigorous regulation with respect to environmental and social factors across business activities. In this perspective underdeveloped nations would find it difficult to adhere to such practices. The potential for overregulation is a problem for stakeholder theorists to address.

> *"When conditions differ widely between countries, as they do, prescribing and enforcing such common standards . . . restricts the scope for mutually beneficial trade and investment flows. It holds back the development of poor*

> *countries by suppressing employment opportunities within them"* ***(Henderson, 2009)***

2.10.5.3 Competing Interests

Another key issue when considering stakeholder theory is the problem of competing interests, both within and outside of the firm. Proponents of stakeholder theory call for a multi-fiduciary relationship between firm leadership and its stakeholders. Naturally this involves promoting the interests of one party above others.

> *"As most everyone recognises, the interests of shareholders, customers, suppliers, employees, and communities in the management of a firm's assets are conflicting"* ***(Marcoux, 2003)***

Shareholders on one hand, seek high returning gains with minimal risk, customers on the other hand desire quality products at the lowest cost and best possible service. Employees similarly seek great working conditions, optimal remuneration and work flexibility. It's difficult to achieve satisfaction amongst various stakeholders and balance such desires in practice. Hence, it is fair to say that such competing demands make stakeholder theory untenable (Jensen, 2002).

The introduction of CSR would likely cause a similar rift amongst shareholders, as not all would be in support of such an approach. Furthermore those that would be in support, may view some activities more beneficially than others. Shareholder theory overcomes these challenges by focussing on a single objective, to maximise shareholder wealth.

2.10.5.4 Competitive Disadvantage

In addition to competing interests, the argument that stakeholder theory is a competitive disadvantage is a valid argument, *"because social action will have a price for the firm it also entails a competitive disadvantage"* (Smith, 2002). Page This is the sentiment shared by those who maintain the position that business should not initiate social action however, social action may enhance a company's reputation and public support. Conversely, CSR may actually drive competitive advantage irrespective of short-term costs; engendering loyal employees and stronger communities as well as long-term returns:

> *"CSR is also proving to benefit companies. The most commonly identified corporate advantages include maintaining and improving reputation or brand image, government relations, brand differentiation, customer loyalty and employee recruitment and retention"* ***(Walton, 2010).***

Whilst Walton (2010) maintains the varied benefits that CSR can deliver, one must consider the actual cost of discretionary social expenditures and they must be balanced to ensure the firm doesn't find itself at a competitive disadvantage.

2.10.5.5 Stakeholder Management and Competitive Advantage

Research into stakeholder management and its link to competitive advantage is limited,.Jones (1995) however, maintains that by reducing transaction costs through trusted stakeholder relationships, companies may create competitive advantage. Rodriguez et al. (2002) further contend that companies enhance competitive capabilities (innovation and reputation) through engaged stakeholder relationships and hence 'share value' as a result (Harrison et al., 2010). Such relationships exhibit social complexities that create barriers for competing companies, and could in fact create competitive advantage (Rodriguez et al., 2002, Cennamo et al., 2009, Harrison et al., 2010).

2.10.5.6 Greenwashing

Karnani (2010) maintains that whilst companies advocate CSR in theory, few are prepared to forego shareholder wealth in order to progress stakeholder welfare. Companies are more than prepared to advocate their CSR efforts and reputation through publicity and clever advertising, which is often as a smokescreen to disguise flaws in business practices or to increase business opportunities. At times companies engage in CSR in response to crisis and can be seen as reactive rather than proactive, presenting a problem for stakeholder theory. In other efforts, the primary purpose of CSR is limited to reporting activities supported by 'storytelling' and lacking any effective social action:

> *"The content of CR very often is misleadingly substantial: the reports are thick and seemingly contain much information, but the actual extent of what is done beyond legal requirements remains limited* ***(Fougere, 2009).***

In a practice known as 'greenwashing', companies attempt to hoodwink or take advantage of consumers that are swayed by their purported commitment to CSR, rather than pursuing CSR to benefit society.

2.10.6 Shareholder Theory

The opposing views of stakeholder theory can be traced back to Adam Smith and the central tenets within his book The Wealth of Nations (Pfarrer, 2010). Shareholder theory holds that business has the sole purpose of maximising shareholder returns, an argument posited by Milton Friedman and later Jensen and Meckling (1976), who asserted the principal-agent relationship between shareholders and managers (Jensen, 2002, Smith, 2003, Schaefer, 2008, Stout, 2012).

According to Danielson, Heck and Shaffer (2015), it is understood that when companies produce goods and services at reasonable price points, they are benefiting society. In financial terms, they seek to maximise the present value on all future transactions. They further contend that unnecessary spending of shareholder money on social causes, should be avoided. Weiss, Kirdahy and Kneale (2008) describe business in society as a 'wealth-creation machine' - a reasoning held by both Adam Smith and Milton Freidman, that the *'business of business is to make money'*. Shareholder theory is aimed squarely at generating wealth for shareholders and in turn wealth that benefits society. If CSR activities can contribute to the wealth of companies, then shareholder theory supports such an approach, to invest in activities that result in costs to the firm irrespective of how noble or generous, which goes against shareholder theory.

2.10.6.1 Abandoning CSR

Freeman and Liedtka (1991) assert that agents of a firm lack sufficient expertise to address social problems, and should be abandoned altogether. Although they concede that CSR has contributed to a greater awareness and approach to business ethics, they posit that the concept is redundant and no longer practical. CSR according to them has failed to deliver societal impact and fallen short on its promise. Pine and Gilmore (2007) boldly declare that *"CSR will be seen for the sham that it is"*, a view that is strongly supported by Ludescher (2009). Mark Kramer further states:

> *"CSR sometimes cannot be win-win: it can be lose-win whereas Shared Value = win-win outcomes versus sustainability"* - ***Kramer (2015)***

2.10.6.2 The Role of Political and Social Institutions

Shaw (1988), argues that social causes are the role of political and social institutions, not businesses and his belief supports the premise of shareholder theory. He further insists that governments through regulation, dictate the moral responsibilities of corporations (Cheers, 2011). However while Shaw's views are met with contention, Cheers (2011) asserts that laws are unable to regulate all executive decision-making allowing for immoral behaviour. Furthermore, governments may be influenced by lobbying and financial support of political parties, resulting in subjective morality dependent on political views and cultural norms of society. Mulligan (1990) believes that decision-making should be steered by an objective ethical code in addition to societies laws. Whilst critics are quick to point out such shortcomings, they contend that government does provide a baseline for morality, and that companies should follow an objective ethical code of conduct.

2.10.6.3 The Business Case for CSR

The postulations of CSR and socially responsible behaviour, delivers material benefit to a company, with a focus on addressing stakeholder demands through adaptive approaches, and by directing relevant resources. These benefits stem from different perspectives which include legal, moral, economic and philanthropic benefits. Empirical evidence suggests it positively impacts a company's brand and reputation, reduces operating costs, helps in customer acquisition, balances power with responsibility, discourages government regulation, promotes long run profit, enhances employee relations, productivity and innovation and stronger relations within communities through stakeholder engagement (Lantos, 2001, Logsdon, 2002, Frederick, 2008). Carroll and Shabana (2010), note the arguments for and against CSR which were introduced decades ago with some still validity. Many of the opposing views were applicable when CSR was narrowly conceived, today empirical research regarding the benefits of CSR brings into question the relationship between ethical and financial performance (Bird, 2007, Frederick, 2008, Kurucz, 2008)

Porter and Kramer (2006) believed that CSR had the potential to extend beyond being a cost to the firm, a constraint on activities, or benevolence. Rather that CSR could be an avenue for businesses to discover opportunities, stem innovation and achieve competitive advantage. Salzmann et al (2005) relate CSR to business efficiency while Carroll and Shabana (2010) view CSR as a means to improve resources and skills. Porter and Kramer (2006) believed that CSR had the potential to create opportunities to increase profitability or reduce costs, culminating in value creation (Salzmann et al., 2005, Porter, 2011b).

Despite this academic dissensus, CSR is a generally accepted theory, and a popular approach amongst practitioners and business. Its popularity is the result of business' commitment to social and environmental causes. The bottom-line argument appears to make better business sense when compared to duty, rights or virtue-based theories. From a practical standpoint, whereby CSR is self-regulated or overseen and driven by the market as opposed to legal frameworks. Heath (2014) labels business ethics as being ineffective and inflexible requiring greater logic driven by free market competition. Vogel (2005) in accord with Heath (2014) describe the business case for CSR in terms of the compatibility of business and societal goals, with that of the market.

> *'CSR is sustainable only if virtue pays off. The supply of corporate virtue is both made possible and constrained by the market'* ***(Vogel, 2005)****.*

Duska (2010) believes that CSR warrants ethical behaviour as long as it derives a profit. Whereas as Neal (2008a) maintains that as part of their operations, companies need an integrated approach to include economic, social, and environmental impact. Drucker (1984) argued the compatibility of profitability and responsibility. Synonymous with Porter and Kramer's (2011b) concept of Shared Value which target is specific issues that result in both improved business performance and social benefit at scale. It extends beyond traditional

CSR approaches, focused on shifting business practices to advance operations, and both social and economic progress within the communities they operate. The premise is to create shared value at each step of a company's entire value chain (internally and externally) to identify sources of competitive advantage (Porter, 1985) and differentiation (Porter, 1980). CSV is about embedding sustainability and CSR into business activities that result in economic returns, and affect societal benefit at scale.

Companies are seeking new pathways in exercising responsible business behaviour, whether it be working with NGOs, training of suppliers, ethical sourcing, mapping-out supply chains or partnering to tackle emerging issues. Collaborating with stakeholders is becoming increasingly important in achieving corporate performance. In today's business environment where the bottom line is not the only focus, CSR can be viewed as a pathway to sustainability, where businesses achieve financial obligations as well as other non-financial goals like social and environmental responsibilities, setting the agenda for future leaders to follow suit.

2.11 CSR and Creating Shared Value (CSV)

In 2011 Michael Porter and Mark Kramer's concept of CSV emerged as a new concept to leverage the relationship between societal and economic progress. The origins of the term 'Shared Value' can be found in their earlier works "The link between competitive advantage and corporate social responsibility". It is also influenced by Porter's previous publications on Philanthropy and competitive advantage (Porter and Kramer, 1999, 2002). Porter and Kramer maintain that Shared Value is not about personal or existing value created within the firm, rather leveraging the firms resources and relationships to create additional economic and societal value. More recently, the CSV movement is gaining momentum and acceptance globally among governments, non-government organisations (NGOs) and MNCs.

2.11.1 Creating Shared Value scope for this study

If we consider the original discussion regarding business ethics and how operating in self-interest can yield positive outcomes for society in the modern business arena, then we can begin to make a case for CSV. CSV has its inherent challenges and does not present a 'one size fits all' approach. More specifically, CSV initiatives aren't always represented within the three dimensions proposed by Porter and Kramer. Whether products are redefined to meet underserved markets such as micro-finance or incentivised or low cost insurance, or address environmental imperatives through recycling and waste minimisation, some observers recognise such initiatives as Shared Value creation with social and economic outputs. Others may argue that these are motivated by purely economic considerations where defining the boundaries of CSV is sometimes difficult.

Porter and Kramer (2011) define business value as "benefits relative to costs, beyond benefits alone". The business case for CSV hinges on the definition of societal value applied, which is complex as it is interpreted in various ways and by varying degrees. Hence, the business case for CSV strongly depends on this definition of societal value, and paves the course of this research in investigating CSV initiatives and its subsequent success.

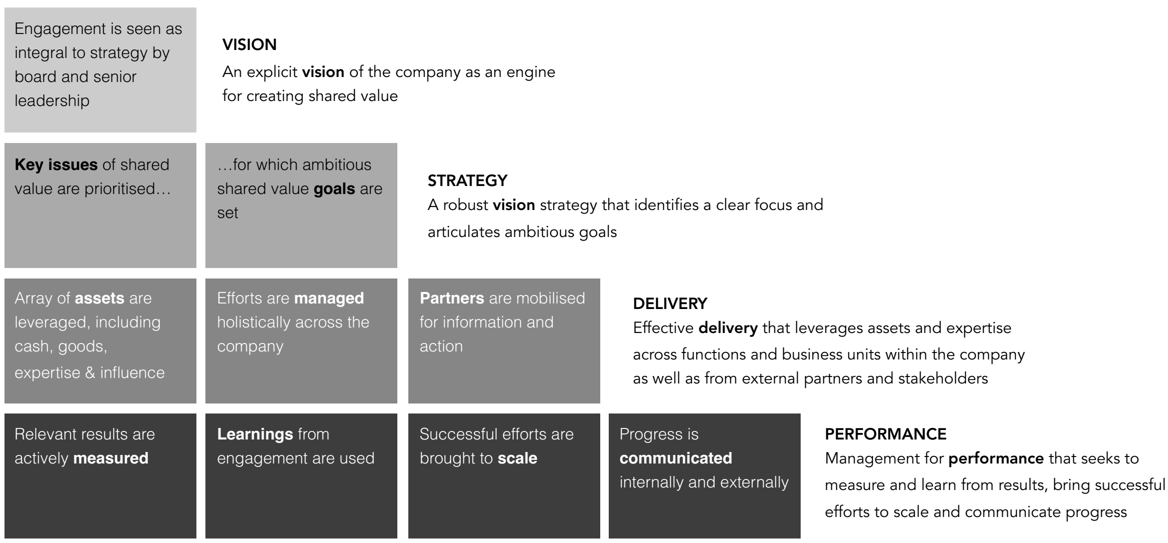
For this study, CSV initiatives are defined as those that aim to improve the livelihood of the disadvantaged in society within a business' operating environment, through business models that target economic returns. The reason for this broad definition is twofold. Firstly, it allows for the various dimensions of Kramer and Porter's framework to be applied beyond targeting the poorest demographic in society, as no single definition of CSV exists. Secondly, it ensures that companies on a CSV journey focus on social imperatives in the course of their business activities to include new products and markets, business productivity and local cluster development. For the purpose of this research, to achieve positive societal outcomes through business activities is at the heart of the CSV.

2.11.2 Implementation of the concept of Creating Shared Value

The premise behind co-creating economic and societal value by addressing community needs and challenges has been discussed by many an academic, Elkington (1994), Kanter (1999), Prahalad and Hart (2002), Grayson and Hodge (2004), Bonini and Emerson (2005), Hart (2005), Savitz and Weber (2006), Porter and Kramer (2006, 2011b), Aakhus and Bzdak (2012), Mackey and Sisodia (2013), and others.

Research into the concept of CSV and its implementation, point to number of determinants that facilitate its adoption. Pressing societal needs combined with the public desire for market solutions has opened up windows of opportunity for business to seize. It is widely reported that aspects of CSV have been in practice by organisations for many years. Porter and Kramer (2011b) maintain that any company can become a CSV firm by pursuing one of the three strategies introduced, and following the implementation framework discussed in this study (see Figure 2). Much of the research surrounding CSV has been through case studies and storytelling regarding identifying opportunities, selecting and aligning a strategy including priorities, reporting on the outputs and outcomes of social and business value, and finally sharing the lessons learned through the journey. Porter and Kramer (2011) along with their consulting business Foundation Strategy Group (FSG), developed a framework of 10 building blocks within four key stages to assist companies in navigating towards successful CSV implementation illustrated in Figure 2.

Figure 2: Ten Building Blocks of CSV Framework



(Source: Bockstette, 2011a)

Bocksette et al. (2011b) stipulate that CSV commences with an explicit '**vision'** by corporate leaders to innovate, and create meaningful impact through ***engagement*** of their available resources and partnerships, which they maintain is integral to corporate strategy. The '**strategy'** involves identifying ***key issues*** that are prioritised where companies feel they have the greatest influence for impact, they are subsequently articulated into ambitious ***goals*** for companies to focus on, so as to deliver new revenues or cost savings using any of the CSV strategies. This process is usually done in consultation with stakeholders so as to prioritise a list of CSV opportunities (Porter et al., 2011a).

Effective '**delivery'** of CSV opportunities establishes the business case for its implementation, taking into consideration the available ***assets***, ***managed*** resources and ***partners*** to improve business performance, and measure the social value created. These opportunities which are the result of innovative and creative solutions, are assessed to determine their financial viability. Once economic and social returns are determined, expectations are established and agreed across stakeholder groups, and a go/no-go decision is made regarding the initiative. In order for successful efforts to be brought to scale, '**performance'** measurements of CSV activities are required throughout their lifecycle in terms of outcomes and outputs. These ***measurements*** are generally tracked against the projections made prior the CSV implementation, ***learnings*** are assessed to ascertain complexities involved, and the time taken to realise benefits. High performing initiatives are brought to ***scale***, whereas underperforming initiatives are reviewed and reworked or simply redirected (Porter et al., 2012). Progress is ***communicated*** both internally and externally to maintain momentum and communicate wins.

Whilst CSV is achieving much attention amongst academics, strategy and change practitioners, it's important to note that critics contend that CSV is aimed at delivering 'win-win' outcomes for business and society exclusively. However CSV demands a focussed and strategic commitment whereby CSV is embedded into business strategy, with the enhancement of social welfare at its core.

2.11.3 Reactions to the concept of Creating Shared Value

The idea of re-inventing capitalism through CSV is not without its critics. The Economist (2011) stated that Porter and Kramer's ideas are unoriginal - arguing that corporations must focus on Shared Value creation instead of profit, and that it runs the risk of *"giving politicians carte blanche to meddle in the private sector"*. Similarly, Denning (2012) later stated that CSV cannot address the shortcomings of capitalism *"under the guise of something new"* as he maintained that the idea behind Shared Value was simply a subset of traditional management.

Beschorner (2013) extends this criticism further on the grounds of conceptual misunderstanding, claiming CSV to be 'narrow and limited' based on its orientations regarding CSR. Narrow in that it focuses on philanthropy while neglecting the current business environment, and limited in that their economic arguments are too normatively thin to sufficiently reconnect business with society. Elkington (2011) called for a greater respect for CSR where CSV ignores issues such as human rights and corruption. More recently, Crane et al. (2014) also stated that the concept was unoriginal, naive with regard to business compliance, ignores the tension between social and economic goals and naive in the role of business in society. They went on to analyse the strengths and weaknesses of CSV, which are synthesised in Table 5.

Table 5: Strength and Weekness of CSV

Strengths	Weeknesses
CSV successfully appeals to practitioners and scholars	CSV is unoriginal
CSV elevates social goals to a strategic level	CSV ignores the tensions between social and economic goals
CSV articulates a clear role for governments in responsible behaviour	CSV is naive about the challenges of business compliance
CSV adds rigour to ideas of 'conscious capitalism' and provides an umbrella construct for loosely connected concepts	CSV is based on a shallow conception of the corporation's role in society

Source: Crane, Pelazzo, Spence, and Matten (2014)

Porter and Kramer (2011b) acknowledge the contributions of numerous academics with respect to economic and social gains - concepts such as 'blended Value', 'mutual benefit', and 'bottom of the pyramid'. However it was Kanter (1999) who articulated the notion in line with the concept of CSV 'social innovation' and viewed social innovation as a process where:

> *"community needs are opportunities to develop ideas and demonstrate business technologies, to find and serve new markets, and to serve long-standing business problems"* ***(Kanter, 1999).***

Despite criticism, the research indicated that CSV has achieved 'buy-in' from more than 40% of Australian listed companies and government departments. Whether CSV and its strategic intent is appealing managerial language or defines a role for corporations in society, the belief and commitment to CSV is gaining momentum amongst leading multinationals.

2.11.4 Strategy implementation within CSV

According to Pfitzer, Bockstette and Stamp (2011b), companies rely on five mutually reinforcing elements in order to achieve value across business and society.

1. **Embedding a social purpose:** they contend that corporate culture must be synonymous with social purpose including business activities.
2. **Defining the social need:** early goal setting and feasibility of targeting social issues and opportunities within the company's sphere of influence.
3. **Measuring Shared Value:** whilst measurement has its inherent difficulties, the authors believe there are three ways to address this.
   i) Estimating the business and social value - business value determined by changed social conditions and the level herein;
   ii) Establishing intermediate measures and track progress - monitoring the link between business value and the targeted social condition, tweaking actions throughout the process to identify which ones work;
   iii) Accessing the Shared Value created - measuring the resultant business and social value to motivate scale.
4. **Creating the optimal innovation structure:** companies can structure CSV initiatives in different ways depending on their core competencies. For instance, if companies have a solid understanding of the social issue of focus, then they can incorporate it within core business strategy. If they believe that such initiatives fall short of financial targets or

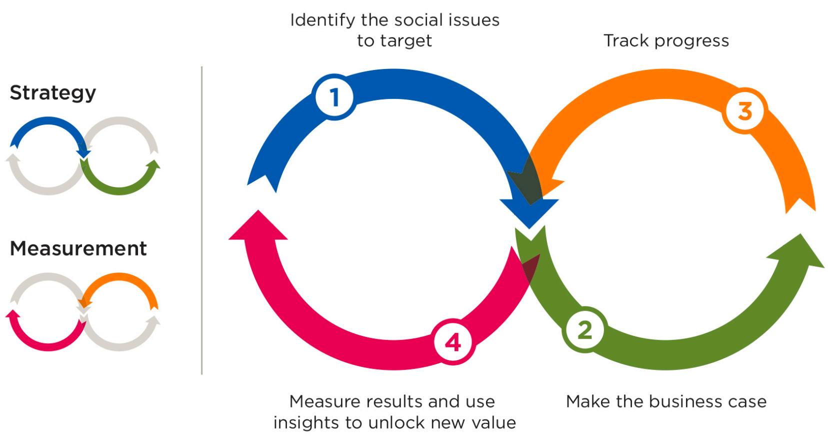
timeframes, a semi-autonomous unit to tackle the initiative is recommended, or they can seek assistance from government in the form of funding. Conversely, if the firm establish the goal and have the will, but lack the knowledge or expertise to address the social issue, they can engage external entrepreneurs to assist in the process.

5. **Co-creating with external stakeholders:** co-creation or inclusive business models involving partners such as NGOs, governments, universities or other companies to leverage unique capabilities lacking within your own, is a formidable way to develop solutions to address social issues (Bockstette, 2011b).

Strategic relationships with external stakeholders that foster co-creation and collaboration to achieve social value are fundamental (Kiron et al., 2015). The changing business landscape regarding corporate sustainability is about addressing critical business issues collectively with strategic partners. The interconnected global economy and concerns over issues such human rights, renewable energy and climate change are too large to tackle alone. Companies are seeking ways to address these holistically, and with partners who will assist in the process. Porter et al. (2012) maintain that anchoring CSV measurement with strategy is fundamental to unlocking new value (see figure 3), and offer the following four ways to do so:

1. identify the social issue to target;
2. make the business case;
3. track progress; and
4. measure results and use the insights to unlock new value.

Figure 3: An integrated Shared Value strategy and measurement process includes these 4 steps.



(Source: Porter, 2012)

They associate the first two steps with strategy and the latter two with measurement. In succession they form a feedback loop that unlocks new value which is used to refine the process and achieve efficiencies (Porter et al., 2012).

2.11.5 Implications for this study

It is relevant for this investigation into CSV implementation to ascertain whether companies undergo a similar evaluation of their business in terms of the four key stages that represent the ten building blocks introduced. This study aims to examine CSV implementations in line with this framework, however it's not without its inherent challenges regarding value measurement.

2.12 Competitive Advantage

2.12.1 Introduction

Competitive advantage has become a common theme in both academic and practitioner fields and management literature. Despite its prevalence, Flint (2000) and Klein (2002) maintain that competitive advantage is amorphous. For the purpose of this research, the definition proposed by Michael Porter establishes an accepted understanding.

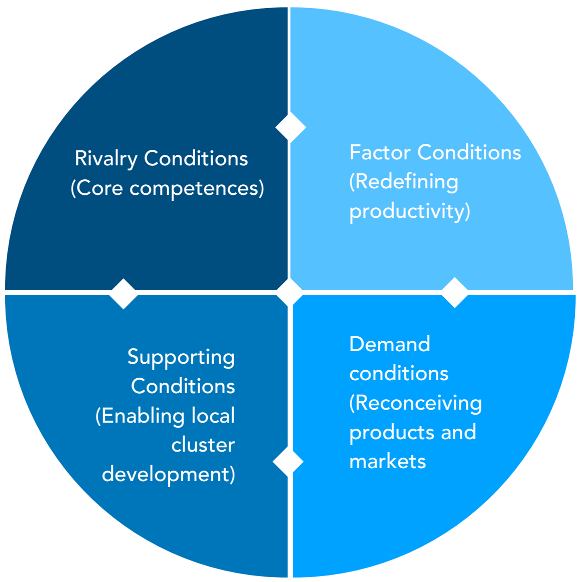
> *"Competitive advantage is at the heart of a firm's performance in competitive markets. After several decades of vigorous expansion and prosperity, however, many firms lost sight of competitive advantage in their scramble for growth and pursuit of diversification. Today the importance of competitive advantage could hardly be greater. Firms throughout the world face slower growth as well as domestic and global competitors that are no longer acting as if the expanding pie were big enough for all"* - ***(Porter, 1985).***

Michael Porter later stated that:

> *"Competitive advantage grows fundamentally out of the value a firm is able to create for its buyers that exceeds the firm's cost of creating it", and later proposed that for a firm to earn superior profits and outperform its competitors, it must choose between a cost leadership or a differentiation strategy, so as to avoid "the inherent contradictions of different strategies"* ***(Porter, 1996).***

In considering the competitive advantage of companies that strategically are centred around CSV, it's valid to consider Porter's Diamond Model (figure 4), an analytical tool based on economic theory, as a means to identify variables for competitiveness. The model suggests that a company's competitive position is invariably linked to how other companies perform around it (Porter, 1990).

Figure 4: Porter's diamond model of competitive advantage



(Source: A Representation of Porter's Diamond Model of Competitive Advantage, 1990)

By applying the Diamond Model, (Moon et al., 2011) identified a further step that could be added after reviewing Porter and Kramer's previous articles. A strategic step to define core competence. Moon reoriented the three strategic steps by making an addition, they posited these steps and classified them within Porter's Diamond Model's four interconnected determinants; (1) rivalry conditions, (2) factor conditions, (3) demand conditions, and (4) supporting conditions. Michael Porter maintains that competitive advantage of companies is related to the way other companies perform, and that these factors impact their value-added chain in a proximity context.

Table 6: Aligns the conditions of Porter's Diamond Model of competitive advantage with the strategies proposed in his CSV framework, and encompasses an extension 'core competencies' as introduced by Moon et al. (2011).

Table 6: Porter's Diamond Model and CSV Strategies

Porter's Diamond Model of Competitive Advantage	**CSV Strategies**
Rivalry Conditions	Core competencies (new), Moon et al. 2011
Factor Conditions	Redefining productivity in the value chain
Demand Conditions	Reconceiving products and markets
Supporting Conditions	Enabling local cluster development

Factor conditions relate to **'redefining productivity in the value chain'**, demand conditions entail **'reconceiving products and markets'**, supporting conditions are enabling local cluster development, and **'defining core competence'** accounts for rivalry conditions. By factoring these conditions, a firm is better positioned to achieve its strategic goal.

2.12.2 Factor Conditions

For factor conditions (redefining productivity in the value chain), societal issues inevitably impact a company's value chain, which can create internal costs as a result of externalities to the firm. Examining and re-organising resources, energy, suppliers, logistics, and employees differently can reduce such externalities from a company's operation and potentially lead to gains in productivity, where focus is on targeting societal gains, while increasing profits.

2.12.3 Demand Conditions

For demand conditions (reconceiving products and markets), Porter and Kramer (2011b) suggest that businesses have the potential to be effective in identifying opportunities in underserved markets or solving problems of local or disadvantaged communities through innovative products and service delivery. These conditions drive demand for equality and inclusion, and enable business to meet such demand with profitable business models.

2.12.4 Supporting Conditions

For supporting conditions (enabling local cluster development) Porter and Kramer (2011b) assert that companies can impact the local communities within which they operate, by working individually or collaboratively with local businesses in clusters to build capabilities and extend resource capacity. Through the creation of clusters, companies are able to improve productivity and supporting conditions in and around the cluster. Therefore the development of clusters suggest that opportunities for competitive advantage extend beyond the firm and their industries, in a local geographic setting where the business units are located.

2.12.5 Rivalry Conditions

As a precursive exercise in determining a Shared Value agenda, companies must consider rivalry conditions in terms of strategy and execution. Specifically, 'how' the company will create added value for their customers in servicing unmet needs. However, rivalry was omitted from Porter and Kramer's (2011b) framework pertaining to the avenues for CSV creation. In formulating corporate strategy to outperform the competition, companies seek to serve a specific set of customer needs better than their rivals. Prahalad and Hamel, (1990) state that companies develop superior **core competencies** by combining and improving skills and resources within the firm, what Luo (2000) terms as a 'dynamic set of capabilities'.

When a firm undertakes CSV activities, a number of difficulties emerge such as 'what' social issue intersects their business and where their efforts can influence most. Also 'how' will the organisation carry out the activities within the companies core competencies so as to derive value at a reduced cost or improved value at similar cost to their competitors (Porter, 1980, Moon, 2010). Once a decision is made, companies can take steps to address challenges: by assessing efficiencies in production within their value chain; reconceiving comprehensive targets; and enabling local or global cluster development (Moon et al., 2011).

The question of 'what to do first for CSV' is a major hurdle for companies. Once a firm defines its core competencies, they can identify where social needs intersect their business activities and innovative ways to create profitable business models. Companies competing in similar markets have different competencies, applying these to varying issues such as society as a whole benefiting from companies pursuing efficient CSV initiatives. Moon et al. (2011) highlight the importance of "defining core competence" and refers to it as an extension to the original framework of Porter and Kramer.

2.12.6 Implications for this study

An examination of the literature introduces the link between strategy and competitive advantage. In particularly, the tenants of CSV strategy with Porter's Diamond Model (see figure 4) and with Moon et al. (2011) introduction of the relevance of 'core competence' as a common factor. In terms of this study, a further aim and theoretical construct, is to assess the types of strategies company's employ to outperform their competitors, and determine whether CSV enables competitive advantage.

2.13 Summary

Chapter 2 reviewed the literature and provides an understanding of the theoretical underpinnings of CSR and its evolution with respect to CSV. The chapter introduced various CSR theories and advances its connection with stakeholder theory. Firstly, Shared Value which is benefiting society through a combination of economic and social imperatives, and secondly business being establishing competitive advantage, by balancing the conflicting needs of stakeholders and shareholders.

The gaps in the literature indicated considerable uncertainty and a general lack of understanding regarding CSV implementation, and subsequent benefit to business and society. This is partly due to the concepts infancy, models and recommendations, and a lack of empirical data to guide organisations and support effective implementation. Additionally, a lack of practical investigation for organisations to pursue, with aspirational and narrow recommendations overtly articulated in the literature. Further investigation is called for to ascertain how organisations are progressing with respect to CSV, the types of opportunities that exist, and their successes and failures, in order for theoretical recommendations to be practically relevant. Whilst significant inroads and progress has been made in the field of CSV, and more specifically by a small number of large MNCs, it appears that before CSV can reach a maturity in practice, academics and practitioners need to be convinced of its adaptability across a broader number of organisations.

The following chapter – Chapter 3 – outlines the research design and methodologies implemented to answer the research objectives. It discusses the data collection methods employed, as well as the strategies used to analyse that information. The methodology is grounded in the conceptual, theoretical and contextual discourses and findings outlined in Chapter 4.

Chapter 3 Research Design and Methods

3.1 Introduction

Chapter Two focused on the research design and synthesising the literature surrounding CSV, stakeholder theory and competitive advantage. It also focussed on the four components that create such value, namely factor conditions, demand conditions, supporting conditions and rivalry conditions. The chapter also identified the relevant gaps evident in the research and posed the research questions that are to be examined in this thesis. This chapter introduces the methodological approach employed to address the research question using a sequential explanatory research design. It commences with an explanation of the philosophical orientation, and how it informs this study. The selection of the research design follows with the chosen methods articulated, the survey instrument used to harvest quantitative data as well as the methodology adopted during the qualitative phase. Collecting secondary data in the qualitative phase involved interviewing senior executives from companies actively pursuing Shared Value strategies and reflected in case studies.

> *"All research is about knowledge. A process of enquiry and investigation that is systematic and methodical, contributing to knowledge itself"* ***(Hussey, 1997).***

The process of creating new knowledge is expected to follow a systematic sequence that will eventually lead to results (Hussey, 2003). Hence, the research methodology includes a background to the area of enquiry and the research objectives, appropriate methods of enquiry and data collection techniques, and sound interpretation of findings. When defined correctly, results in a research framework appropriate for the nature of the study. Figure 5 illustrates the systematic approach undertaken within the research framework.

Figure 5: Research Framework

3.2 Defining the research objectives

In essence, the research examines the degree and types of CSV engagement amongst Australian publicly listed companies, and how CSV as a strategy leads to competitive advantage. Several research goals and questions were established so as to accomplish this objective. The first goal was to examine the literature to ascertain the connection between CSV and competitive advantage. The second, was to identify the components that influence CSV implementation and thirdly, whether CSV strategies enable companies to achieve competitive advantage.

The focused research objectives guided the research, the methodological approach, the research design and strategies employed as part of the study. In considering the research aims and objectives, a mixed method approach was chosen, hence, the research strategy involved qualitative and quantitative techniques.A review of the literature presented in Chapter 2, and the desired research goals established (Table 2, Page 21), the following research questions are framed as follows:

1. How do companies implement CSV?
    i. *How do organisations assign what priorities to focus on?*
    ii. *What strategies do companies employ to pursue CSV?*
    iii. *What role do stakeholders play in the implementation of CSV?*
    iv. *What is the value of CSV performance measurement, and how is it communicated?*
2. Does CSV contribute to a company's competitive advantage?
    i. *What are the potential economic benefits of CSV?*
    ii. *What are the non-monetary benefits of CSV?*

The first research question and sub-questions address CSV implementation and are answered by the detailed set of building blocks in figure 2. The second research question and sub-questions, seek to examine the variables that influence competitive advantage by the detail in figure 4 (page 74).

3.3 Developing the Research Design

Research generally begins with a purpose statement or the objectives of the study. The intent of quantitative research is typically to test theories by a method of deduction to either evidence or refute a hypothesis. Whereas in qualitative research, themes and theories are developed inductively by gathering information from individuals (Cresswell, 2007). As illustrated hereunder in figure 6, the research design will outline a plan as to how the researcher will address the research question including research strategies and methods related to data collection and analysis (Leedy, 2013).

The research involved the nexus between ontology, epistemology and methodology. Where ontology describes ways of constructing reality or 'how things really are' and 'how things really work' (Denzin and Lincoln, 2008). This leads the researcher to what reality exists (Patton, 2002). Blaikie (2007) and claims that ontological and philosophical philosophies sharpen the methodological perspectives. The systematic manner in which the research is conducted is illustrated in figure 6.

Figure 6: Research Design Constructed

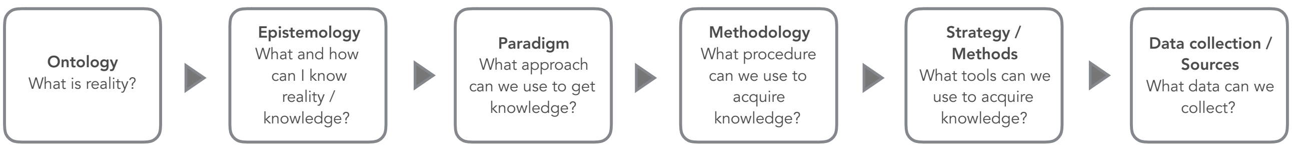
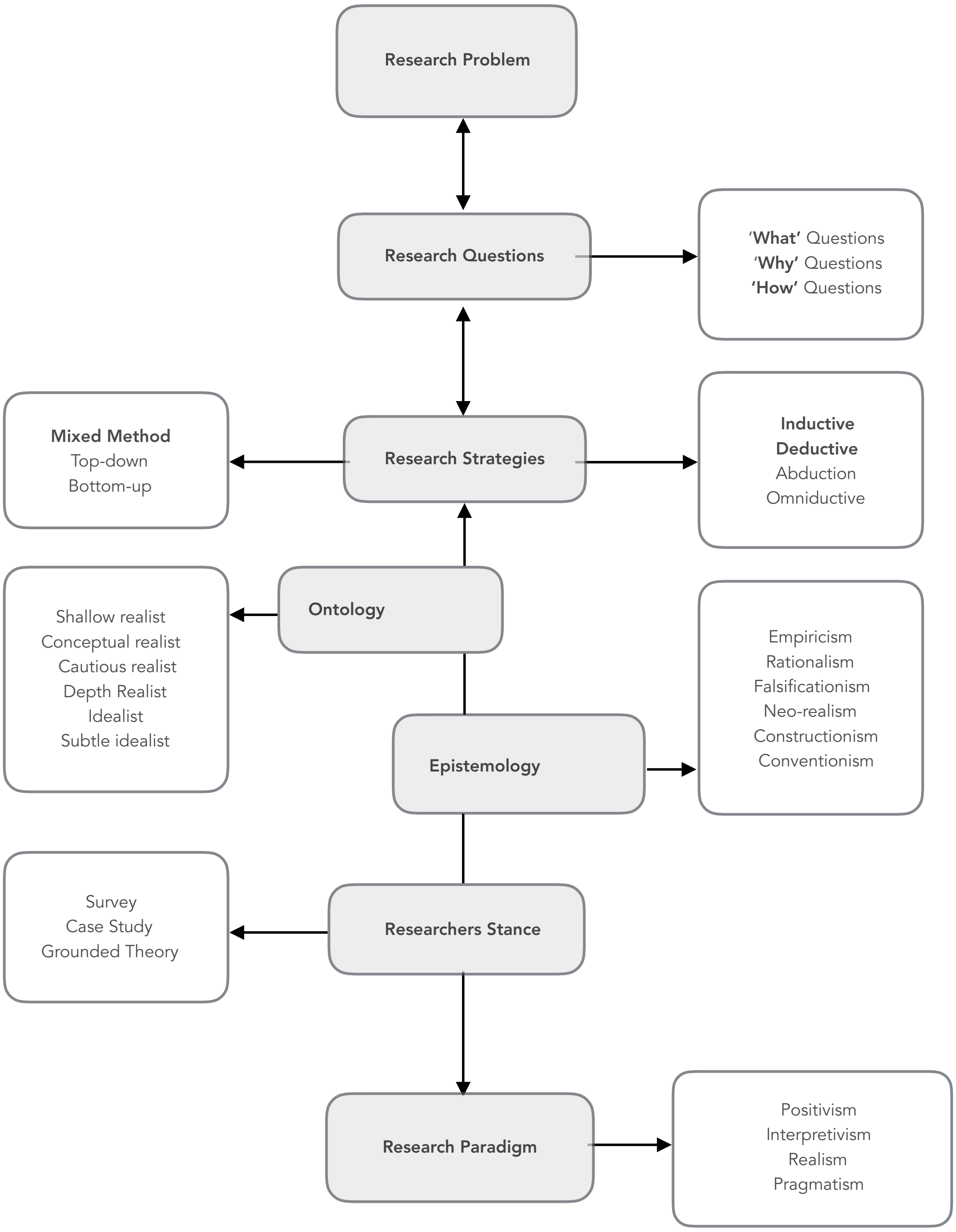


Figure 7: Research Framework



(Source: Blaikie, 2007)

3.4 Research Philosophy

The philosophical point of departure along with the epistemological and ontological position are presented in this chapter. Furthermore, I discuss my philosophical view in terms of the research approach and research design, theoretical and method selection, as well as the research setting. Sapsford and Jupp (2006) contend that philosophy concerns with the way in which things are viewed in the world (Saunders et al., 2009, Yin, 2009), the idea that the world is seen differently through different eyes, the processes within it, and views about how it works. I find this sentence really confusing because who are you referencing? Our take on reality is closely related to our perception and individual view of the world. In academic research, the focus is primarily on reality, knowledge and existence. This helps to clarify the research design and address the assumptions regarding the research strategy and the methods employed that fall within the research paradigm (Easterby-Smith, Thorpe, and Lowe, 2003).

Research philosophy is the foundation of any research, which guides the researcher in pursuit of answers to the research questions. The philosophy dictates the approach employed, the strategy adopted, and the relevant data collection techniques. It also concerns the procedures undertaken based on a number of assumptions which could be ontological, epistemological and/or axiological.Taylor and Edgar (1996) like Blaikie (2007) believes the links between these important concepts guide the selection of the methodological approach and perspective for the investigation of theory and data, with many researchers having preference to understand such perspectives through quantitative and qualitative inquiry (Bryman, 2006, Cresswell, 2009, Saunders et al., 2009). Cresswell (2009), Yin (2009), and Saunders et al. (2009) believe that in order to understand these research methods, the research philosophies (ontology, epistemology, axiology and pragmatism) and their postulations need to be acknowledged. Table 7 outlines the research philosophy with respect to this research.

Table 7: Research Philosophy

Research Philosophy	Perspectives
Ontology	Objectivism (external relationships) Constructivism (internal relationships)
Epistemology	Positivism-observer is independent of that being researched Interpretative (observer is dependent of that being researched, which implies a social phenomenon)
Axiology	Value neutral (value free) Value biased (value laden)
Pragmatism	Neither positivism or interpretative; and or, value free or value laden, but combination of all to address a social real-life issues
Design	Archival research, grounded theory, experiment, survey, ethnography, case study, action research
Strategy	Opinion, empirical, archival, analytic
Method	Multi-method, mono-method, mixed method
Data Collection	Literature review, structured interview, semi-structured interview, questionnaire, qualitative, quantitative

3.4.1 Ontology

Ontology is central to research design and is concerned with what constitutes reality and perceptions of how things really are and how they really work (Morgan, 1980, Lawson, 2004, Krauss, 2005, Carr, 2006, Khin, 2012), or as Blaikie (2007) and Crotty (1998) define as the study of being. Whereas Hay (2002) believes it answers the question of the social and political reality to be investigated. Cohen et al., (2011), Cuba and Lincon (1994) describe epistemology as the nature and forms of knowledge, how it is created, acquired and communicated, and the methods used in doing so, in other words 'what is' (Eriksson, 2015).

A question emerges among business and management researchers as to whether objective reality really exists (objectivism), or is reality just constructed (subjectivism). Objectivism portrays the position that social entities exist in reality, external to social actors concerned with their existence. Whereas subjectivism, holds that social phenomena are created from the perceptions and consequent actions of those social actors concerned with their existence. In either approach, researchers need to take a position on how things really are and how things really work.

Cresswell (2009) maintains that the ontological grounds for qualitative research involves the researcher constructing the problem of reality (constructivism), where information is interpreted differently by the researcher, those being researched, and the reader. In what is described as 'interpretivism'. Conversely, Saunders et al. (2009) posits that reality is objective and can be measured in quantitative research (objectivism). Independent of the researcher, quantitative research is generally measured using survey instruments, questionnaires, or other instruments, and involves statistical analysis and indicates 'positivism'.

3.4.2 Epistemology

Epistemology philosophy seeks to examine the origin and nature of knowledge and how it can be recognised, developed or acknowledged (Taylor, 2006, Cohen et al., 2007, Schuh, 2007, Mkansi, 2012). Epistemology considers alternative ways of approaching research and how we know what we know (Hill, 1984), (Guba, 1994), (Khin, 2012). Blaikie (2000) described epistemology in terms of how we know what we know about reality, and focuses on the data collection processes. Eriksson and Kovalainen (2015) like Blaikie, contend that epistemology may be objective or subjective; and considers the data collection and research methods adopted, as it provides an analytical narrative as to the creation of knowledge and how it is formed. Saunders 2012) describes several epistemological stances: Positivist, interpretevist (or constructivist), realist and pragmatist. Hatch and Cunliffe (2006) assert that research through an appropriate epistemological stance is better positioned to collect relevant and verifiable data.

Teddlie and Tashakkori (2009) summarised epistemology in terms of the relationship between the researcher and what the researcher is researching. A quantitative approach would see the researcher and what is being researched as independent to each other. The qualitative approach views the researcher and the subject of research as interactive and inseparable. From an ontological perspective, quantitative researchers view reality as single and tangible. Conversely, quantitative researchers view reality as multiple in that it is constructed.

Differences in ontology and epistemology have typically led to researchers employing different research methods. Qualitative researchers have generally employed inductive approaches, whereas quantitative researchers engage deductive approaches. This thesis is influenced by both ontology and epistemology, insofar as what can be researched, known and discovered, and the manner in which it can be acquired.

3.4.3 Axiology

This philosophy of axiology concerns the researchers choices and value judgements based on the their own values (Saunders et al., 2009). With respect to quantitative studies, such values held by the researcher should be excluded and should be dictated by objective criteria (Easterby-Smith et al., 2009). In contrast, the qualitative researcher who is transparently and enthusiastically reporting their values and biases along with that of the participants within the study (Cresswell, 2009, Saunders et al., 2012), by choosing to research the 'what' and 'how', is governed by both their experiences and beliefs (Easterby-Smith et al., 2009). Saunders et al. (2012). Therefore the researcher's values guide the philosophical perspective, the choice in approach, and the method and data collection techniques employed.

3.4.4 Implications for this research

I acknowledge that my values and preconceptions affect this research. On commencement, I had preconceived ideas about the subjects discussed in this paper based on my experience working with the Shared Value Project. These ideas or preconceptions as they're referred to by Bickman and Rog (2009), provide an explanation as to my beliefs and faith, which has influenced how I identified research gaps and applied relevant theory, concepts and use cases in the research process. I was cognisant of these preconceptions in both writing and conducting the research so as to minimise any biases.

3.5 Research Paradigms

Mertens (2005) maintains that a paradigm is a way of looking at the world. It is composed of certain philosophical assumptions that guide and direct thinking and action. Whereas Neuman (2011) proposes that a paradigm is a general organising framework for theory and research that includes basic assumptions, key issues, models of quality research, and methods for seeking answers. In addition, Denzin and Lincoln (2011) believe that the research paradigm is the researcher's set of beliefs that guide the researcher through the development of the research. Scotland (2012) believes that every paradigm is based upon its own ontological and epistemological assumptions which are subject to conjecture. They differ in that they have differing assumptions of reality and knowledge - which subsequently directs the research approach, the method and methodology employed. Such opposing world views are 'scientific' and 'naturalistic' according to Guba and Lincoln (1994), or 'positivist' and 'constructivist' according to Tashakkori and Teddlie (2009). Whereas a 'pragmatists' focus is on explanations that best produce desired outcomes (Powell, 2001), they contend that it was not possible to access the 'truth' about the real world solely by virtue of a single scientific method as advocated by the positivist paradigm. Nor was it possible to determine social reality as constructed under the Interpretevist paradigm. Kuhn (1962) held the view that a paradigm is a pre-requisite of perception itself, or what you see depends on what you look at, your previous experience, and how you look at it.

Denzin and Lincoln (2008) describe the research paradigm as an 'interpretive framework', whereas Burns (2000) describes it as a systematic process of investigation. The following is descriptive information about four types of paradigms that orient the research methodologies: positivism, constructivism, realism, and pragmatism (Guba and Lincoln, (1994); (Perry, Riege, and Brown, 1999, Powell, 2001). Guba and Lincoln (1994) believe it is impossible to engage in any form of research without committing (often implicitly) to ontological and epistemological positions. According to Grix (2004), research approaches towards the same phenomenon are dictated by differing ontological and epistemological positions of the researcher, exampled by the various paradigms explored. Table 8 summarises four common research paradigms with respect to ontology, epistemology and methodology.

Table 8: Four common research paradigms

Paradigm	Ontology *What is reality?*	Epistemology *How can I know reality?*	Logic	Theoretical Perspective *Which approach do you use to know something?*	Methodology *How do you go about finding out?*	Method *What techniques do you use to find out?*
Positivism	There is a single reality or truth (more realist)	Reality can be measured and hence the focus is on reliable and valid tools to obtain that.	Deductive	Positivism Post-positivism	Experiments/ surveys; verification of hypotheses; chiefly quantitative methods	Usually quantitative, could include: Sampling Measurement and scaling Statistical analysis Questionnaire Focus groups Interviews
Constructivist / Interpretive	There is no single reality or truth. Reality is created by individuals in groups (less realist)	Therefore, reality needs to be interpreted. It is used to discover the underlying meaning of events and activities	Inductive	Interpretivism (reality needs to be interpreted) • Phenomenology • Symbolic interactionism • Hermeneutics • Critical enquiry • Feminism	Hermeneutical/ dialectical; researcher is a 'passionate participant' within the world being investigated	Usually qualitative, could include: Quantitative interview Observation Participant Non-participant Case Study Life History Narrative Theme identification etc
Realism	Reality is 'real' independently of human thoughts and beliefs, so triangulation from many sources is required to try to know it	Observable phenomena provide credible data, facts Based on the assumption of a scientific approach to the development of knowledge	Deductive	Socially constructed Subjective Pragmatism Transcendental Naturalism	Case studies/ convergent interviewing; triangulation, interpretation of research issues by qualitative and quantitative methods such as structural equation modelling	Methods chosen must fit the subject matter, quantitative or qualitative
Pragmatism	Reality is constantly renegotiated, debated, interpreted in light of its usefulness in a new unpredictable way.	The best method is one that solves problems. Finding out is the means, change is the underlying aim.	Abductive	Pragmatism Research through design	Mixed-methods Design-based research Action research	Combination of any of the above and more, such as data mining expert review, usability testing, physical prototype

(adapted from various sources, including Crotty (1998)

3.5.1 Positivism

Positivists believe that reality exists in itself, a natural phenomena whereby the real world has absolute truths (Girod-Seville & Perret, 2001). Positivists suppose that knowledge is acquired about such truths using experience, reason and logic by the researcher who is independent of subject. Bryman (2006), asserts that quantitative methods are valid in examining social reality. Blaikie, (2000) and Saunders et al., (2012) assert that positivist approaches are empirically grounded and employ methods of statistical analyses which may include quantitative methods (questionnaires, surveys and experiments). The ontological stance of positivists contend that a single reality exists which can be measured i.e. empirical ontology (Cohen et al., 2011); and their epistemology is derived from scientific method (observation or experiment) on facts alone, that rests on testable (objective) statements from theory or values.

The selected research methodology is quantitative, utilising experiments and survey research tools (Guba & Lincoln, 1994, 2005), to predict outcomes. Remenyi et al. (1998) suggests that credible data is achieved through observation of the phenomena in question. Popper (1959, 1968, 1972, 1980) contends the strength of scientific knowledge even though its not a 'true' depiction of the real world. Conversely, Kuhn (1962) spoke of the paradigm's power; empirical procedures embedded within that structure our perceptions of the world. Mertens (2009) and Ponterotto (2005) maintain that reality can be tested empirically, confirmed, verified and generalised (Eichelberger, 1989). With the right data and tools the absolute truth can be revealed. Hence, research approaches are quantitative and the techniques to gather data are scientific to achieve objectivity and neutrality during the inquiry process. Within this context, the purpose of research is to discover laws and principles that govern the universe and to predict behaviours and situations.

3.5.2 Constructivism / Interpretivism

According to Grix (2004), a second important paradigm follows a relativist approach in exploring the reality (Guba & Lincoln, (2005); (Perry et al., 1999), and rejects the notion that a single, verifiable reality exists independent of our senses - Interpretivism. This paradigm subscribes to the understanding that reality is constructed in the environment, and its understanding can only be attained when the researcher is actively involved in the process of research.

Scotland (2012) maintains that from an ontological approach, multiple realities exist, as they are subjective and are interpreted differently between individuals (relativism), and therefore individually constructed (Guba & Lincoln, 1994, Frowe, 2001). Furthermore, Grix (2004) contends that people construct or interpret reality subjectively with different meanings, values and contexts.

The goal of interpretive methodology is to understand social phenomena in their context, whereby the researcher aims to identify patterns in the data in order to understand a phenomenon and generate theory. Interpretivists use an inductive approach when analysing data because they seek to obtain the detail of the situation, and a deeper understanding of the reality in and around them. Data collection is generally qualitative in nature such as open-ended interviews, observations, notes, documents etc (Grix, 2004). Interpretive researchers employ methods that generate qualitative data such as interviews, observations notes and documents, and although numerical data could be involved, they are not relied upon.

Guba and Lincoln (2005) contend that the quality of interpretive research is determined by its credibility (internal validity), transferability (external validity), dependability (reliability) and confirmability (objectivity). Richards (2009) states that qualitative inquiry demands rigour, precision, systematicity, and attention to detail designed to explore the complexities of the social world that we inhabit.

3.5.3 Realism

Realism begins from the position that the picture that science paints of the world is a true and accurate one (Chia, 2002). Perry et al, (1999) concur that realism itself searches for reality, whereby scientific method advances knowledge and contributes to what is already known. Saunders et al. (2012) believed that the way we view the world and reality is a result of social conditioning. To understand this reality, Bhaskar (1989) asserts that the social structures that underpin the phenomena under investigation must be understood. Blaikie (2007) argued that generative mechanisms, what kind of things are and how they behave is what constitutes realism.

Realism shares aspects of positivist and interpretive positions. Contrary to other paradigms, realism distinguishes itself by the assumption that there is only one reality, and better understood by the triangulation of different cognisance (mechanisms, events and experiences), which Guba and Lincoln (2005) believe can be further understood by applying quantitative methods.

3.5.4 Pragmatism

Pragmatism originated in the United States in the late 19th century. Pragmatism by way of derivation stems from the Greek word 'pragma' meaning work, activity or action, and can be viewed as a philosophy of practical experience, where truth of an idea depends on its usefulness or workability (Shields, 1998). In discussing pragmatism it would be irreverent not to mention William James, Charles Sanders Peirce, and John Dewey, the forefathers of pragmatism. However it was Peirce (1878), who described the 'pragmatic maxim' - the meaning of a statement lies in the consequences that is identified with its inception.

Whilst pragmatism is acknowledged as a philosophy, it is best positioned as a method for action, and extends beyond truth, identity or reality, due to the contextual nature and subjectiveness of individual interpretation. Hence, everyday practices are measured by consequences to reflect situational knowledge by way of problem solving. Broadly speaking, pragmatic methods for establishing a provisional 'truth' that is valid as long as it is practical in its application. Visser (2017) maintains that pragmatic research methods are increasingly being employed in organisational science research, and more recently can be found in business ethics research (see Table 9).

Table 9: Studies involving pragmatic methods

Pragmatic research studies	Authors
Organisational learning	Argyris and Schön 1996; Brandi and Elkjaer 2004, 2001
Organisational routines	Cohen 2007; Winter 2013
Reflective practice	Jordan 2010; Schön 1992; Yanow and Tsoukas 2009
Sensemaking	Colville et al. 2014; Elkjaer and Simpson 2011; Weick 2004, 2006
Business ethics	Wicks and Freeman 1998; Jacobs 2004; Jensen and Sandström 2013; Singer 2010; Surie and Ashley 2008

(Adapted from: Biesenthal, 2014)

Authors such as Wicks and Freeman (1998) and Parmar et al. (2010) discuss the opportunities for companies and managers to adopt pragmatic approaches in addressing externalities that impact stakeholder interests (Visser, 2017).

3.5.5 Pragmatism for this research

In considering the research questions for this study, Pragmatism was chosen as the theoretical framework as it focussed on usefulness or workability as the 'truth' (Tashakkori & Teddlie, , 2003), - rather than contentious issues between 'truth' and 'reality' (Feilzer, 2010). When a research question does not indicate whether a positivist or interpretive philosophy should be employed (e.g. epistemological perspective), pragmatism is an attractive alternative as it uses both qualitative and quantitative methods (Feilzer, 2010), and abductive techniques in problem-solving to generate useful and reliable knowledge. Peirce (1878) maintained that pragmatism is a principle of logic (logic of abduction) and not absolute, whereby abduction is 'the process of forming an explanatory hypothesis'.

Cresswell and Plano Clark (2007) liken what they term 'world view' to the theoretical research foundations. And further contend that worldviews possess various philosophical elements that evolve, and that researchers categorise based on commonality providing alternate stances. In positioning pragmatism as a worldview, the researcher can elect to construct singular or multiple perspectives of reality by combining inductive and deductive techniques (Cresswell & Plano Clark, 2007). Cameron (2009) infers that it is imperative to justify this choice as a means to bridge philosophy and methodology, which is problem-driven but theoretically based so as to address the research questions and enable successful outcomes (Morgan, 2007).

Pragmatism argues that research commences with the research question, and that both a positivist and interpretivist philosophy can be adopted as a continuum rather than in opposition (Tashakkori & Teddlie,, 2009). Kaplan (1964) considers pragmatism as a contemporary method of enquiry (single or mixed) that unlocks all practical methods, to solve problems that people face without constraint (Tashakkori & Teddlie, , 2009).

Hirschheim (1992) like Kincheloe (2005) recognise that pragmatism supports methodological pluralism, multiple ways of seeing through inventive, imaginative and resourceful research choices. Denzin and Lincoln (2011), believe that pragmatism can facilitate cross-discipline development, whereas Deuze (2006) claims the relevance of both methodological and theoretical perspectives leads to new insights and meanings. Such an approach requires the researcher to be open to a variety of discourses, methods and their application, combination and evaluation. Johnson, Onwuegbuise and Turner (2007) view pragmatism as a new research paradigm that shares ontological, epistemological, axiological, aesthetic and methodological beliefs, values and assumptions. This is relevant to business and management research where themes emerge that require sense-making and improvisation.

Tashakkori and Teddlie (2009) and Cresswell (2009) assert that the pragmatic paradigm has intuitive appeal, as it gives researchers permission to investigate areas of interest and adopt relevant methods in doing so, and inherently apply their own value system to the findings Cresswell (2009). Pragmatic methods allow for the adoption of and purposeful combination of multi methods or mixed-methods designs and data collection, as it always occurs in various contexts (social, historical, political) based on various assumptions and multiple worldviews - thus creating a more complete picture of reality (Cresswell, 2013).

Therefore, the philosophy for this research followed a pragmatist approach, which in effect is a combination of realism and interpretivism, so as to account for the differences in individual truths and the role of people as actors not objects. The study aims to investigate whether CSV strategies adopted by companies contribute to their competitive advantage. To achieve this aim, a pragmatic framework was employed to investigate actual experiences of companies who have pursued CSV strategies. To achieve this aim, within the chosen paradigm, a mixed method approach was chosen. It is intended that the findings of this study contribute practical insight beyond academia, for management practitioners, by increasing knowledge and awareness of CSV and responsible practices.

3.5.6 Pragmatic Paradigm and Mixed-Methods Design

The research involved a quantitative study using a survey instrument to establish generalisation of results in a sample population. A qualitative study was then undertaken with selected respondents, purposefully selected from the quantitative study so as to derive a deeper understanding of the phenomena under investigation. As previously discussed, the selection of an appropriate research paradigm considered several approaches, so as to reveal the potential assumptions of each. Consequently, the pragmatic approach was chosen to fully analyse a phenomenon, based on inductive and deductive reasoning, even though alternatives such as positivism, interpretativism, and realism were examined and considered (Saunders et al., 2009).

The preference of inductive over objective reasoning when considering the epistemological perspectives of the interpretive approach made the pragmatic approach apparent. Significantly, Morgan (2007) highlights how pragmatism encourages both inductive and deductive reasoning. Similarly, Lincoln and Guba (1985) claim that the strength of qualitative research is transferability - which pragmatism strengthens by combining quantitative and qualitative methods with an abductive process. Abductive reasoning connects theory and data through induction and deduction sequentially that is interchanged so as to convert observations into theories. Pragmatists are able to revisit data types as they see fit, so as to establish points of connection between the quantitative and qualitative data types.

Pragmatists subscribe to the premise that theories can be both contextual and generalisable, and whether the knowledge attained is transferrable to other settings (Morgan, 2007, Shannon-Baker, 2015). Pragmatism seeks to bridge the gap between positivist and constructivist by seeking to establish meaning within the two (Shannon-Baker, 2015). The mixed-methods approach enables researchers more flexibility through their choice of designs and methods to investigate multifaceted phenomenon. It also addresses questions with tentative answers, and issues of complexity through inductive and deductive logic to provide justification and rationale (Johnson et al., 2007). This process aims to answer research questions regarding the 'what', 'why', and 'how' a phenomenon occurs (Saunders et al., 2012). Additionally, Patton (2002) believes that multiple paradigms can be used in the same study and refers to this as 'methodological openness', and to do so creatively. The choice in paradigm and mixed method approach is justified within the predisposition of 'practitioner-based" research.

3.5.7 Implications for this research

The pragmatic approach pursues joint action and shared meaning through the use of mixed method research, that is, an emphasis on developing shared understandings to develop shared lines of behaviour (Morgan, 2007). The choice for adopting the pragmatic approach was relevant in conducting mixed-method research for connecting theory to data through abduction. From an epistemological perspective the quantitative method will provide an objective view, whereas the qualitative method will take a more subjective approach interacting with research subjects to construct realities. Hence, it enabled the research to assert a single reality whilst acknowledging that participants have their own interpretation (Cresswell and Plano Clark, 2007). The pragmatic approach allowed for the flexibility of employing the most practicable approach to address the research questions. The quantitative research seeks to generalise the results, while the qualitative research is context specific (Morgan, 2007), hence enabling the transferability and intersubjectivity of research results through abduction, or the learning of one research method applied to another.

Cresswell (2013) contends that researchers when collecting and analysing data through sequential exploratory design, can prioritise either quantitative or qualitative approaches. During this study, my aim was to identify and explain factors regarding Shared Value creation amongst corporations in an Australian context, and to seek feasible solutions from targeted Shared Value companies. Priority was given to the qualitative approach, even though it was conducted in the secondary phase of the research process.

Undertaking a quantitative study as part of the initial phase of the study, allowed me to identify Shared Value companies and the common obstacles they have experienced. The findings of the survey instrument (deductive, quantitative approach), guided the formulation of the interview questions (inductive, qualitative approach), an approach suggested by Morgan (2007) and Saunders et al., (2009). Resulting emergent themes from the qualitative study explained or indicated possible solutions to the quantitative results, enabling me to attain a deep and rich understanding regarding how Australian companies develop and implement Shared Value strategies.

For this research I was the sole investigator (human instrument) who interacted with all participants, and hence was in an ideal position to ascertain that they all constructed realities. As a consultant working with the Shared Value project, it was advantageous to conduct the research in consultation and collaboration with its members. The subsequent analysis of information collected is an attempt to reconstruct the multiple realities revealed by my original analysis, aided by the dialogue that ensued with participants in light of new insights and the clarification of views expressed.

3.6 Research Strategy

Saunders et al. (2009) describe the research strategy as a plan of action and overall approach to the research process. Trochim (2006) contends that research is undertaken using inductive and deductive approaches, whereas Johnson and Onwuegbuzie (2007) discuss a third approach of 'abduction'. All three are methods of reasoning to establish logic. The inductive researcher focuses on participants views to generate theories from data and patterns - a 'bottom-up' approach (Ghauri, 2005). Whereas the deductive researcher works in contrast from a 'top-down' approach based on logic (Cresswell and Plano Clark, 2007). Abduction however, provides a composite of reasoning contributing to a greater understanding of the findings (De Waal, 2012). The research strategies are outlined in table 10.

Table 10: Research Objectives

3 modes of Inference	Process	Relationship to theory	Examples based on this approach
Abduction	Creates tentative explanations to make sense of observations for which there is no appropriate explanation or rule in the existing store of knowledge	Does not start with explanation but instead links things together to generate an order that fits the surprising facts - the beginning of theory-building	Lean startup, grounded theory, ethnomethodology, machine learning, hypothesis-free-a-b testing, design thinking, constructive design research, prototyping, cultural probes
	Having developed a guess, explore the consequences via deduction		
Deduction	Taking a general rule and seeing what follows in particular cases	Top down: Explores the necessary consequences of a rule	Randomised control trials, experiments in the natural and physical sciences
	Now make observations to see if the rule and the consequences hold via induction		
Induction	Looking across cases and data to produce a rule or pattern	Ground up: has a theory in mind and seeks confirmation across cases	Surveys, cases, interviews

Peirce's ordering of the logics of scientific inquiry, developed from Hansen (2008)

3.6.1 Deductive reasoning

Deductive reasoning is solely concerned with certainty - a 'top-down' method that considers certain rules or facts (inferences) to derive logically certain conclusions. It is an analysis of propositions, general ideas about a specific situation (similar to rationalism); an argument that uses sound and valid logic in order to conclude a true or false whilst adhering to recognised rules, laws or theories. Put simply, deduction commences with a general hypothesis or statement, and considers various factors and determinants to arrive at a logical conclusion. For example, scientific method follows deductive steps in order to answer research questions, test hypotheses and establish theory. With deductive inference, a theory is considered and predictions are made on the basis of expected observations to validate existing knowledge or theory (Yu, 1994). The process moves from a general phase, to the theory, to the specific, and the observations to derive a true or false outcome.

3.6.2 Inductive reasoning

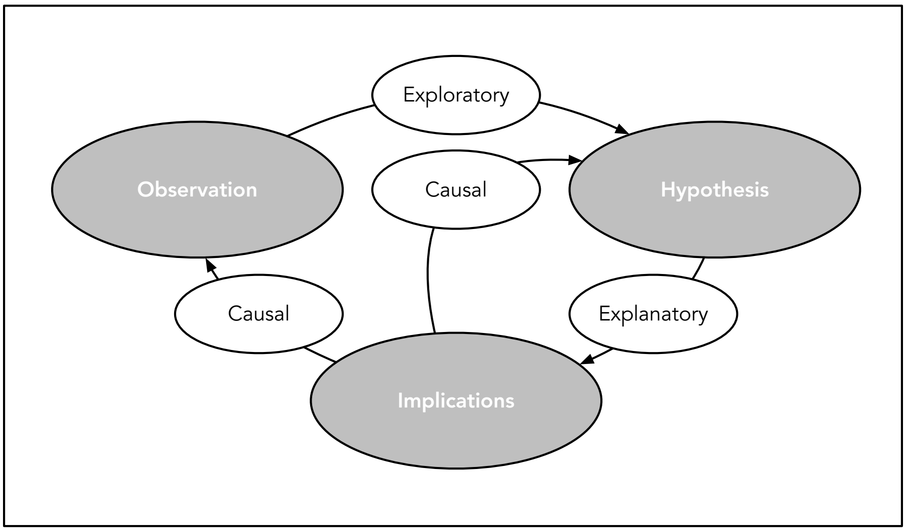
In contrast to deductive reasoning, inductive reasoning makes broader generalisations from specific observations (reasoning by consistency or probable logic) - 'inductive logic'. In inductive inference, reasoning is drawn from specific facts and probable rules up to general conclusions. Observations are made to identify patterns in the data so as to generalise, and logically explain the observations or theory - a 'bottom-up' approach. The inductive approach is a synthesis of empirical events to construct the explanation and theory (Easterby-Smith, 2002). Scientific research is performed using both inductive and deductive logic which can lead to false conclusions. This is attributed to the different inferences they are based on. Induction is based on observations whereas deduction is based on theory, and can be applied to specific situations. Put simply, induction is inconclusive in infinite time.

3.6.3 Abductive reasoning

Abductive reasoning (educated guesswork) is a method of reasoning based on the best information available, that aims to derive the best explanation on a set of incomplete observations (Peirce, 1931, Kirkeby, 1990). It reasons by analogy, an educated guess where there is no clear explanation through observation of a phenomenon (explored by inductive reasoning), a 'speculative hypothesis'. Abduction is an "Inference to the best explanation" (Iranzo, 2007), for how two things are connected. In research where abduction is relied upon, unanticipated empirical findings or theoretical insights that emerge, may prompt the researcher to adjust the original framework (Dubois, 2002).

In summary, there are inherent merits and shortcomings in the use of deductive and inductive techniques. (Peirce, 1931) contends that abduction achieves a more comprehensive study, whereas deduction and induction are used in combination. Denton (2018) adds a further layer to the mix by asserting the use of all three approaches interchangeably at an appropriate stage of the research. Termed 'omniduction', it can take an iterative or cyclic direction in the research process (see Figure 8 below). Similar to 'grounded theory', the focus of this study is theory development, rather than theory generation.

Figure 8: Omniduction - mixing methodologies



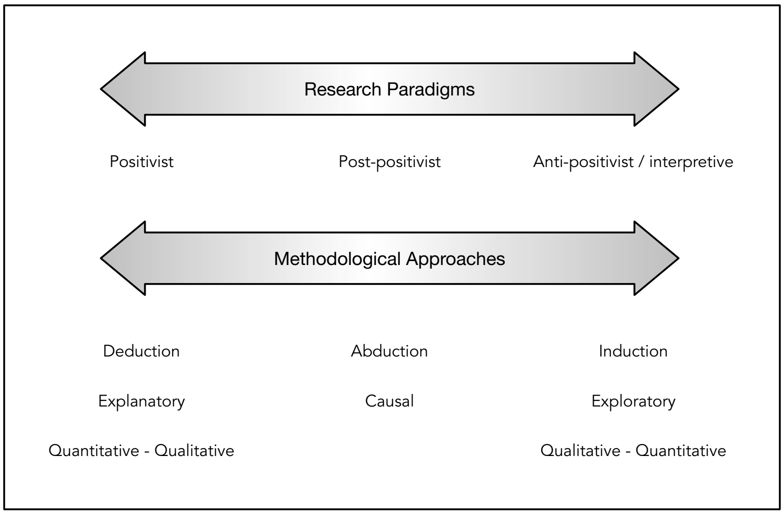
(Source: Denton, 2018)

3.6.4 Omniduction - combining Inductive and deductive strategies

According to Yu (1994), the logic of abduction and deduction contribute to our conceptual understanding of a phenomenon, while the logic of induction adds quantitative details to our conceptual knowledge. Hausman (1993) believes that Pierce's logic of abduction and deduction contribute to our qualitative or conceptual understanding of phenomena, while induction adds quantitative details to the qualitative or conceptual knowledge.

Mixing methods lends itself to mixing more than one methodology. Two common mixed-method designs: explanatory and exploratory fit well with deductive and inductive approaches. Explanatory designs move from quantitative to qualitative methods (Figure 9), whereas exploratory moves in an opposing direction commencing with qualitative through to quantitative (Punch, 2009). Importantly, quantitative research can generate theory that qualitative research can verify (Robson, 2002).

Figure 9: The possible continuum of methodological approaches to management research



(Source: adapted from Denton, 2018)

This study employed an explanatory method where questionnaires combined quantitative and qualitative methods. Closed and open questions (deductive and inductive reasoning) were combined, and subsequently semi-structured interviews were conducted in a second phase that generated similar reasoning. In essence, the 'pragmatic' method of research subscribed to abductive reasoning, where a best-fit method of educated guesses sought the most likely explanation for the tested hypothesis (Thagard, 1980).

The scientific definition of abduction is plausible when considering management research, as it is a combination of deduction in hypothesis testing with that of induction, in seeking a causal explanation in researching a phenomenon. Whilst abductive reasoning can be viewed as a way of combining and mixing methodologies, in practice it is simpler to shift from one methodology to another as the research dictates. This methodological process (omniduction) can be either iterative or cyclic, and employed when appropriate to the stage of research. (See Figure 7 above).

Whether you start with an observation or a hypothesis, research will involve theory which is either generated or requires verification. Either way, implications should be drawn from the findings which may lead to further observations required or to new hypotheses or research questions being formed.

3.6.5 Concepts, Theories, Hypotheses and Models

This thesis has presented several hypotheses considered from a theoretical, conceptual and empirical standpoint. The methods and models presented are relevant in answering the 'how' and 'why' regarding the hypotheses, the relationships between them, and whether they're impacted by any associated variables.

3.6.6 Multi-method Research Approaches

In quantitative research methods and hypothesis testing, Pierce's pragmatism contends that statistics do not produce definitive or quick fix answers, nor will they just stop at what works or doesn't without seeking to identify 'why' something works or not. Statisticians who provide a quick fix may not do exploratory data analysis at all. Exploratory data analysis, like qualitative enquiry, seeks to make meaning of messy data.

Yu (1994) believes that the process of balancing varying factors and variables can be seen as Pierce's interaction between doubt and belief. Yu doubts whether statisticians accept that there exists a single best answer, and maintains that it is not an ontological concern. Rather the search for multiple and subjective realities by qualitative researchers is epistemological. Objective reality however is ontological, and quantitative researchers use multiple approaches to address multiple realities and perspectives. Decisions are made based on statistics due to pragmatic reasons, whereby details are further added and mistakes corrected by researchers over time.

Qualitative researchers may subscribe to socially constructed 'perspective seeking' and 'descriptive language', which Parker (1994) believes may lead to radical nominalism if misused (a core issue of epistemology as there is no logical mapping between language and reality) - an approach opposed by Pierce. However, from an epistemological standpoint quantitative and qualitative methodologies share more in common than presented here:

- Both maintain there is more than one way to approach reality;
- There is a continuity between qualitative and quantitative understanding;
- There is a tension between the complex world and the reduced model;
- There is a fallible nature of all inquiries, hence results are tentative rather than final;
- They both attempt to analyse the data and reconstruct them into a patterns by using symbolic representations. (Yu, 1994)

3.7 How data is collected

The research is based on a sequential explanatory mixed-method approach in two distinct phases: quantitative and qualitative research techniques, followed by a document analysis. Specifically, the quantitative research involved a web survey (see Appendix 1), which comprised of 45 questions and was structured as a self-completion questionnaire. The qualitative research involved semi-structured interviews (see Appendix 2), and involved 15 open-ended questions. The responses and observations were documented. Additionally, a comprehensive literature review and document analysis was conducted throughout this research. Supporting this Darlington and Scott (2002) note that a great number of decisions as to whether to take a quantitative or quantitative research approach are based not on philosophical commitment, but on a belief of a design and methodology being best suited to purpose.

Cresswell (2009) believed that mixed method enables a more complete understanding of the research problem, whereas Greene and Caracelli (1997) believed the two methods complement each other and allow for a deeper analysis of the phenomenon (Greene et al. , 2003). In addition to data collection techniques and analysis, mixed method design enables different approaches at different phases of the research (Saunders, 2012). Major method designs include:

- Sequential Explanatory design;
- Sequential Exploratory design;
- Sequential Transformative design;

- Concurrent Transformative Design;
- Concurrent Embedded Design;
- Concurrent Transformative Design.

3.7.1 Sequential explanatory design

As stated, the mixed-methods sequential explanatory design consists of two distinct phases: quantitative followed by qualitative (Cresswell et al., 2003a). Quantitative (numeric) data is collected and analysed in the first instance to provide a general understanding of the research problem. Followed by qualitative (text) data in sequence to explain or elaborate the initial results by exploring participant views in more depth (Rossman, 1985, Teddlie, 2009, Cresswell, 2013).

The merit of mixed-methods design has been widely discussed amongst academics (Cresswell, 1996, Greene, 1997, Cresswell, 2009). Cresswell's definition of mixed-method inquiry is widely accepted as it incorporates a philosophical worldview, pragmatism, and accommodates the notion of mixed-methods as a methodology whilst stressing the importance of each method. Various research philosophies and strategic frameworks have been considered in electing the chosen data collection method. This research shall use a sequential explanatory technique to validate the findings of the study within a pragmatic framework (Cresswell et al. , 2003a).

The purpose of this mixed-methods sequential explanatory study was to identify companies pursuing Shared Value strategies by obtaining quantitative results from a survey of Australian publicly listed companies.Then following up with twelve purposefully selected companies to explore those results in more depth through a qualitative case study analysis.

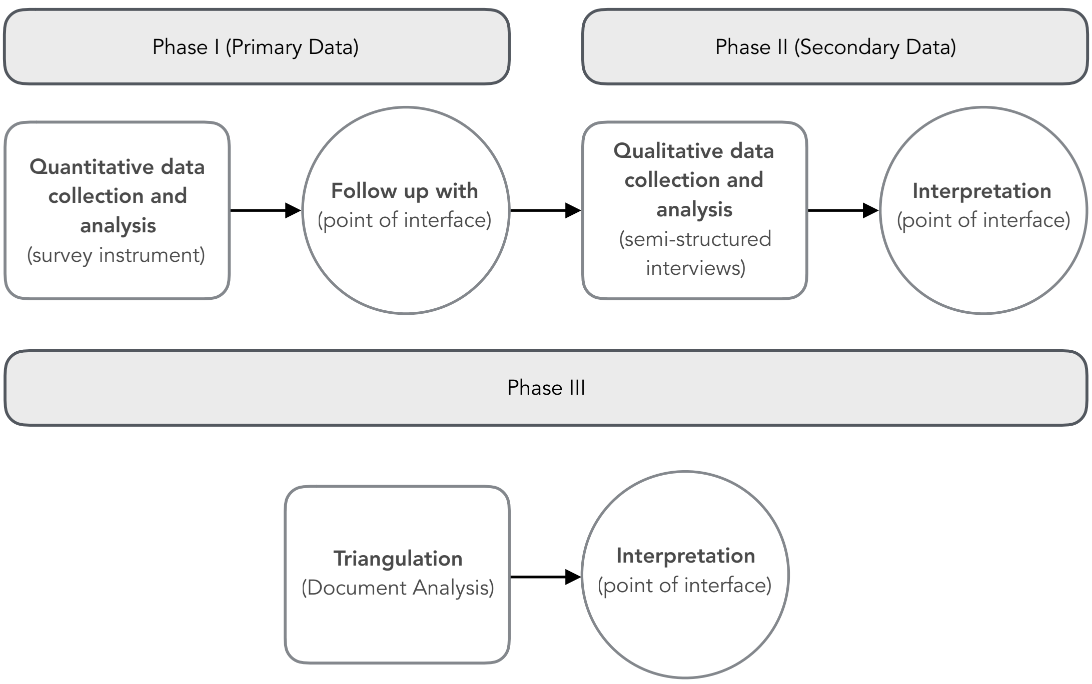
Table 11 outlines the timescale for the data collection. The sequential design will initially encompass a quantitative method followed by a qualitative method. Documentation analysis (triangulation) of the findings shall explain and reinforce the findings of this study, taking into consideration relevant exceptions (Teddlie, 2009).

Table 11: Timescale of data collection

	Dates	Research Methods	Method Type
Phase 1	April, 2015 (4 weeks)	Web survey questionnaires were distributed (online) to all ASX100 companies (Survey Monkey)	Quantitative
Phase 2	July, 2015 (2 weeks)	Telephone interviews were carried out with four companies pursuing Shared Value strategies (4 companies)	Qualitative
Phase 3	October, 2015 (2 weeks)	Document Analysis	Triangulation

The sequential research process is illustrated in Figure 10.

Figure 10: Sequential Research Process



In the first, quantitative, phase of the study, the quantitative research questions focused on identifying Shared Value companies actively engaging in Shared Value initiatives. The quantitative data was collected via a Web-based cross-sectional survey. In the second, qualitative phase, a multiple case study approach was employed (Yin, 2003) from four distinct participant groups, and explored in depth to help explain why certain external and internal factors surfaced. In the third phase, document analysis is used to better explain the initial quantitative data, and the qualitative methods that reinforce the findings of this study (Teddlie, 2009)

3.7.2 Implications for this research

In a sequential explanatory design, the priority or the weight and attention throughout the data collection and analysis, can be given to either quantitative or qualitative approaches. This may depend on the researcher's interest, the study audience and the researchers aim or focus on in their study (Cresswell, 1996, Cresswell, 2003b, Cresswell, 2013).

Given that the primary purpose of this study was to identify CSV strategies and factors of competitive advantage, priority was given to the qualitative data collection and analysis - the second phase of the research process. In contrast, the qualitative process enabled me to develop a general understanding of the state of CSV amongst Australian listed companies, the importance of stakeholders in targeting social outcomes, and the sentiment in relation to the competitive context. This provided me with a firm foundation and understanding to approach the second phase of research. I was therefore able to conduct the interviews with selected participants and obtain a deeper understanding of the subject matter, and explore any contextual and cultural complexities between stakeholders and companies when it comes to CSV implementation and measurement.

3.8 Research Methods

3.8.1 Mixed Method Research Approach

As stated earlier, the research employs a mixed-method approach, that is, combining semistructured interviews followed by a web survey questionnaire and document analysis. The use of mixed-methods of investigation resulted in a deeper understanding of the research topic - a view posited by Webb et al. (1966). Bryman (2006) also believed that mixed-methods established greater validity in findings. This is of greater emphasis when the methods used provide mutual confirmation. Thus, the mixed-method design, combines both quantitative and qualitative approaches, data collection techniques and analysis procedures at different phases of the research (Saunders, Lewis, & Thornhill, 2012). Table 12 summarises key features of both approaches:

Table 12: Quantitative and qualitative research

Quantitative research	Qualitative research
The aim is to classify features, count them, and construct statistical models in an	The aim is a complete, detailed description
The researcher knows clearly in advance what he/she is looking for	The researcher may only know roughly in advance what he/she is looking for
Recommended during latter phases of research projects	Recommended during earlier phases of research projects
All aspects of the study are carefully designed before data is collected	The design emerges as the study unfolds
The researcher uses tools such as questionnaires or equipment to collect numerical data	The researcher is the data gathering instrument
Data are in the form of numbers and statistics	Data are in the form of words, pictures or objects
Objective – seeks precise measurement and analysis of target concepts, e.g. uses surveys, questionnaires etc.	Subjective – individuals' interpretation of events is important, e.g. uses participant observation, in-depth interviews etc.
Quantitative data are more efficient, able to test hypotheses, but may miss contextual detail	Qualitative data are more rich, time consuming, and less able to be generalised
The researcher tends to remain objectively separated from the subject matter	The researcher tends to become subjectively immersed in the subject matter

Table 12: Quantitative vs Qualitative Research (Adapted from Neill, 2008)

3.8.2 Why mix-methods and/or methodologies?

Saunders et al (2012) highlights two main different research directions - quantitative method and qualitative method. Quantitative methods involve the use of data collection techniques (such as questionnaire) or data analysis (such as graphs or statistics) to generate or use numerical data. While qualitative methods (such as interview) or data analysis procedure (such as categorising data) are used for applying non-numerical data. Qualitative research is a naturalistic/interpretative approach that can be seen to be in search of *why* (e.g. case study), while quantitative research may attempt to calculate *how many* (e.g. survey). Denzin (2008) asserted that qualitative research emphasises the process of discovering how the social meaning is constructed, and stresses the relationship between the researcher and the area of study. Conversely, quantitative research is based on the measurement and the analysis of causal relationships between variables.

According to Cresswell (2013), the constructivist researcher is most likely to rely on qualitative data collection methods and analysis, or a combination of both qualitative and quantitative methods (mixed-methods). Quantitative data may be utilised in a way, which supports or expands upon qualitative data and effectively deepens the description. Teddlie and Tashakkori (2009) maintain that parallel analysis of several types of data provide a richer understanding of the variables and their relationships - this being similar to Cresswell's explanatory mixed-method design. This mixed-method approach is true to that undertaken by Freeman (1996) and affirmed by (Glaser, 1970, Herriot, 1983, Benbasat, 1987, Bikson, 1991, Gutek, 1991, Kling, 1991) and Silverstein (1988).

McMillan and Schumacher (2006) highlight several disadvantages of using mixed-methods:

1. The need of the researcher to be proficient and competent in both qualitative and quantitative methods.
2. The extensive data collection and resources needed to undertake a mixed-method study.
3. A tendency to use the mixed-methods label liberally for studies which only superficially mix methods.

In this thesis, the primary quantitative data will be collected via a survey instrument to identify Shared Value companies (Phase I),. This is followed by a review and semi-structured interview with these companies to record emerging themes (Phase II). In combination, the data gathered is triangulated to establish generalisability (Phase III).

3.8.3 Primary Data

The primary data consists of information and knowledge captured through a quantitative study to meet the objectives of the research. Initially, the top 100 publicly listed companies (ASX100) in Australia were targeted, followed by qualitative fieldwork involving a purposeful sampling technique to identify twelve respondents actively engaging in Shared Value Initiatives.

3.8.4 The Quantitative Method

A method of statistical analysis of the survey data was undertaken as part of the quantitative research phase. This was conducted using a web-based cross-sectional survey (McMillan, 2003, Ivankova, 2006) and involved limited contact between the researcher and the participants to maintain objectivity and avoid researcher bias. The primary data was critical in the early stage of the study, as it related to the epistemological stance of scientific realism, and analysed pragmatically using objective statistical techniques to form systematic analytical models.

3.8.5 The Survey Questionnaire

As a data collection technique, survey questionnaires are frequently used to identify variables and describe their relationships, and is largely dependent on both the design of questions and and the questionnaire structure (Saunders et al., 2012). The purpose of using a survey was to gather data quickly and efficiently so as to identify a target group. The questionnaire was designed with both open-ended and close-ended questions so as to obtain definitive indicators and personal viewpoints where necessary (see Appendix 1: Initial Survey Instrument). This enabled respondents to complete the questionnaire at their own pace and time.

The decision to use a web-based survey instrument was made, as they are characterised by their empiricism in approach and enable direct distribution to participants. However, Oppenheim (2000) and DeVaus (2002) contend that a drawback is the potential lack of truthfulness of respondents and whether the appropriate respondent completes the survey. Often findings are biased towards the preconceived views of the researcher, and

Hammersley and Gomm (1997) believe that despite their constructed nature, it is not uncommon treat the validity of numerical data as a given. Restrictive in nature, the questionnaire may in itself lack the detail and depth to research the phenomenon adequately.

3.8.6 The Qualitative Method

Traditionally, qualitative research involves interaction between the researcher and the social world, a deeper understanding of factors rather than a binary one (Chisnall, 2005). Interpretive in nature, it enables researchers to understand how participants create, enact, or interpret the reality they operate in (Robson, 2015, Marshall, 2016).

Conducting interviews in the **initial phase** whilst time consuming, reveals a greater depth of information regarding the phenomenon under investigation. It gives the researcher an opportunity to observe attributes that structured surveys do not, such as the environmental setting, background and culture, management styles and organisational structure. During the course of this phase, non-verbal cues often assist in understanding the verbal responses. Whilst the research findings may give insight into the sentiment of respondents, the collected data cannot be justified statistically. The **second phase** involved a multiple case study approach (Yin, 2009) so as to better understand the findings from the first phase. Merriam (2007) contends that a case study provides a rich source of information gained through various methods over time, involving in-depth data collection that is probing rather than counting (Chisnall, 2005). Stake (1995) and Yin (2009) describe multiple case study design as a two-factor approach whereby the analysis is conducted within each case and then across each case. For this phase, twelve participants were selected from those who completed the survey, that identified as pursuing Shared Value initiatives based on the results obtained from Phase I. To achieve the desired depth of research in case description, multiple sources of data collection were administered:

1. In-depth semistructured telephone interviews with twelve respondents in accordance with Appendix 3: Case Study Protocol;

2. researcher's reflection notes on each participant's persistence recorded immediately after the interview;
3. email follow-up interviews with each participant to secure additional information on the emerging themes;
4. participant's responses to the open-ended and multiple-choice questions on the survey in the first, quantitative phase; and
5. Participant's responses to the open-ended questions as per Appendix 2: Interview Schedule.

3.8.7 The Semi-structured Interviews

Each interview was audiotaped and transcribed verbatim (Cresswell, 2013), and an analysis of the text data was conducted at two levels within each case and across the cases using qualitative software for data storage, coding, and theme development. The verification procedures included triangulating different sources of information, descriptions of cases, company websites, reviewing and evidencing statements (Lincol and Guba 1985, Miles and Huberman 1994, Cresswell, 2009).

3.8.8 Documentary Data

Bryman (2006) contends that documentary data offers quantitative researchers several benefits:

1. it provides an additional means to obtain information;
2. enables the researcher to verify the validity of information from alternate sources; and
3. introduces a distinct level of analysis.

Given these benefits, this study utilised documentary data for secondary analysis, as it is uncommon for researchers to rely on documents as primary sources of data, as public reports may not truly reflect the company's actual situation. Documentary data was used to validate the interview data from each case company. This consisted of data pertaining to corporate strategy, annual reports including financial data, press releases and company announcements, and information obtained from their websites. This was true in this research, as it constituted the summary of each case and the data analysis. Pettigrew (1997) terms this reference as '*the case as analytical chronology'*.

3.8.9 Data Triangulation

The advantage of triangulation is the nature and amount of data generated for interpretation (Banik, 1993). Such data can be derived from different participants in a prescribed setting, at different stages and if appropriate, from different sites (Banister, Burman, Parker, Taylor & Tindall Banister, 1994). For example, using both structured and unstructured techniques to collect data from different companies pursuing Shared Value activities, cross-checking consistency of specific and factual data from various sources via multiple methods at different times (Guba and Lincoln 1989, Patton, 2002). The weight of evidence suggests that if every company, who is looking at the issue from different points of view sees an outcome, then it is more than likely to be a true outcome (Guion, 2002). In this study data triangulation entailed the comparison of qualitative data received from structured interviews with quantitative data from the questionnaires.

Methodological triangulation entails combining both quantitative and qualitative data collection methods (Banister et al., 1994). According to Cohen and Manion (2011), the rationale for this comparative analysis is that a single method is insufficient in establishing validity, even though the interpretation of the results is complicated when the convergence of data leads to inconsistencies and possible contradictions when drawing conclusions, and results in possible dilemma's as to the weighting of research findings (Patton, 2002). In addition, Bryan (2001) believes that it is questionable whether triangulation reduces bias, and that by using multiple methods ignores the ontological and epistemological inferences. Whereas Denzin (1978) asserts that triangulation enables flexibility in methodology selection and combination when investigating the same phenomenon, to give a broader and complimentary view of the research problem, and to establish validity, that is *"in what ways does the qualitative data help explain the quantitative results?"* (Cresswell, 2007).

3.9 The Research Setting

The research fieldwork was undertaken in Melbourne, Australia's second largest city. The impetus for conducting data collection in Melbourne was simply that it is where the Shared Value Project is headquartered - an organisation that I as the researcher am a consultant. The quantitative study had targeted the top 100 publicly listed Australian companies by market capitalisation. The web survey was released and administered between April and May, 2015. Additionally, semi-structured telephone interviews were held with twelve companies in July, 2015. Subsequently, document analysis was carried out with the same participants during October, 2015.

3.9.1 Selection of purposive cases

According to Patton (2002), purposeful sampling is a technique widely used in qualitative research, it involves identifying and selecting participants based on knowledge and/or experience within the phenomenon of enquiry, especially when resources are limited (Cresswell & Plano Clark, 2007). In addition to knowledge and experience, it's imperative that participants are willing participants with the ability to communicate experiences and offer opinions in a reflective manner (Bernard, 2005). Harrison et al. (2010) contend that purposeful case studies are likely to lead to emergent patterns or theory, as they are likely to contribute to new knowledge. Whereas Yin (2009) , believes that the intention is to establish reasoning based on analytics rather than statistics, enabling the researcher to cover various aspects of research underway. Eisenhardt (1989) and Pettigrew (1997) believe that sufficient theory building and processual analysis can be obtained using four to ten case studies. A selection of 12 case studies was chosen for this research so as to represent a sufficient cross-section of industry sectors. Incidentally, 50 percent of companies were classified as financial services.

3.9.2 The general criteria for case selection

In order to collect sufficient data, this research aimed at cases that could demonstrate CSV activities. In order to achieve this, the following criteria was assigned to case selection:

- ? The firm had to be undertaking, or have completed a CSV program;
- ? The firm is able to display its social focus;
- ? The firm has demonstrated its orientation in partnership selection;
- The firm is able to comment on the relevant economic and social outcomes achieved

3.9.3 Profiles of case companies

In the table below (Table 13), characteristics of the companies studied are shown. Company names have ben anonymised. This study comprised of case companies that were established from c.1817 through to c.2000, had market capitalisation that ranged from AU$5.2 billion to $2.84 trillion; and employed anywhere from 900 to 323,000 staff. The case companies operated in traditional and high-tech industries, with different trajectories of growth which are detailed in Table 13.

Table 13: Profiles of case companies

Company Name	Founded	Industry Sector	Number of Employees	Market Capitalisation
Alpha	1982	Financial Services (Banking)	35,000	$67B
Bravo	1817	Financial Services (Banking)	35,000	$86B
Charlie	1858	Financial Services (Banking)	7,000	$5.27B
Delta	2000	Financial Services (Insurance)	13,500	$16.45B
Echo	1919	Financial Services (Insurance)	20,000	$111B
Foxtrot	1996	Financial Services (Insurance)	14,500	$16.58B
Golf	1998	Professional Services	7,000	$1.45B
Hotel	1971	Property and Real Estate	900	$9.9B
India	1910	Information Technology	300,000	$2.84T (Global)
Juliet	1866	FMCG	323,000	$244B (Global)
Kilo	1923	FMCG	7,000	$6.12B
Lima	1971	Industrials and Utilities	26,200	$5.3B

3.9.4 The Audience

The survey questionnaires were distributed and completed using Survey Monkey. Initial participation accounted for 49 responses however, the omission of data due to incomplete questionnaires reduced the number to 43 valid surveys. A usable response rate of 49% was obtained. The qualitative study avoided omissions as 12 participants were selected specifically across several industry sectors.

3.10 Summary

This chapter described the research design (Figure 6) and the research framework (Figure 7), and presented the philosophical rationale, approach and methods employed. The research methodology included primary and secondary approaches to address the focused research questions. The data collection techniques used were intended to answer the 'how' and 'why" of the research questions, and provide the rationale for the pursuit of Shared Value strategies by Australian companies. The research setting was described along with the rationale and criteria for purposive case selection. The profiles of case companies selected (Table 10) were introduced, and were coded to maintain their anonymity. This chapter also described the process employed in data analysis and the methods engaged with respect to the research design. The research findings are introduced and discussed in the following chapter.

Chapter 4 Research Findings

4.1 Introduction

The purpose of this chapter is to present and discuss the research findings. The themes presented have been identified through the research process in analysing the quantitative and qualitative results including document analysis. The themes stem from the different theories and concepts that I discussed in my theoretical framework, namely, CSV, its Implementation, stakeholders and competitive advantage.

This study examined the CSV strategies and initiatives employed by Australian companies listed on the Australian Stock Exchange (ASX). The research aimed to explore how companies implement and leverage Shared Value strategies to achieve competitive advantage. The research studied several CSV programs by twelve companies across a number of industries. The objective was to find the necessary ingredients to achieve positive social and economic outcomes, and reveal characteristics that determine what constitutes a Shared Value company, and the pursuit of competitive advantage.

The focused research objectives determined the use of mixed research techniques employed in this study. The literature analysis and empirical findings suggest that companies embarking on a CSV agenda can leverage a strategic process to achieve competitive advantage. Adopting a Shared Value strategy often requires a major shift in thinking within a company. Success requires an explicit company-wide Shared Value vision, a focused strategy, a willingness to apply assets and expertise across functions, and performance management that focuses both on results and continuous learning. Evidently, such practices influence financial performance and brand value, and ultimately impacts broader stakeholder groups. Shared Value creation implies a more internally focused role for CSR, sustainability, and philanthropy staff, with a strong emphasis on facilitation and change management (Bockstette, 2011b)

The analysed data is presented in two parts:

Part A: The building blocks of CSV; and

Part B: Outputs and outcomes of CSV.

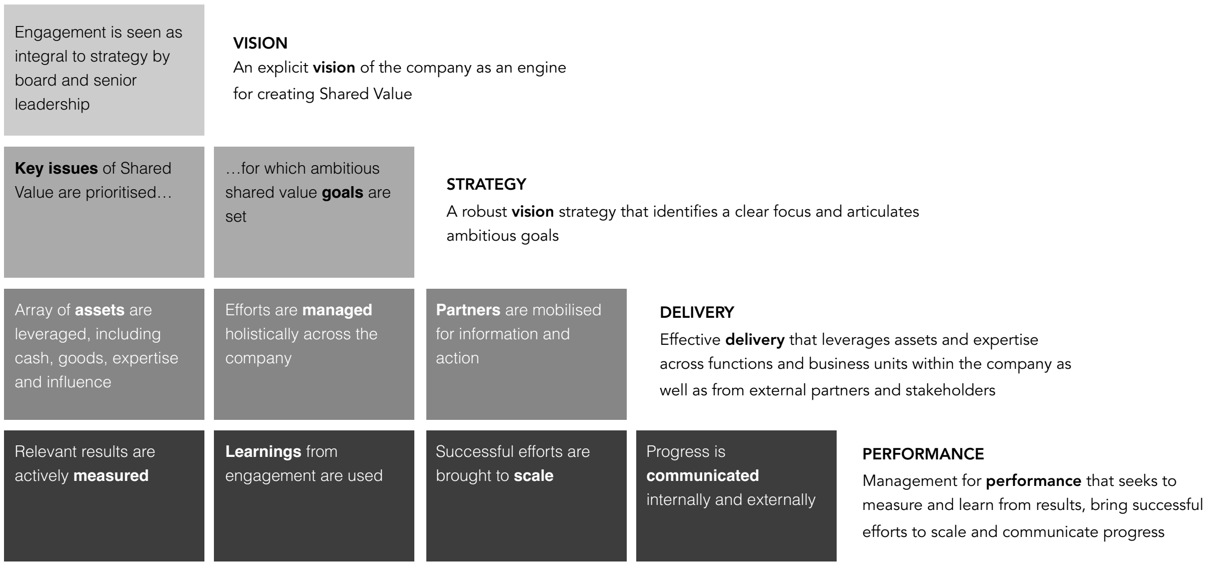
The literature and subsequent analysis of the findings revealed a number of key themes as listed in table 14.

Table 14: Emergent themes within the research

Key research themes
Theme 1: CSV requires common language within the organisation
Theme 2: CSV needs to be embedded into corporate strategy;
Theme 3: CSV requires support and belief from leadership;
Theme 4: CSV leverages partnerships for success;
Theme 5: CSV performance needs to be communicated to learn from results
Theme 6: CSV contributes to brand value and reputation in establishing social licence to operate
Theme 7: CSV attributes to long-term sustainability and competitive advantage

Although empirical data has increased in certain areas, in discussing the emergent themes, the theory remains normative. Specifically, Part A explores the 10 building blocks of CSV (Figure 2, page 66, 117) as identified by Bocksette and Stamp (2011a), a framework for implementing CSV through four key stages: (1) Vision (Engagement) (2) Strategy (Key issues / goals), (3) Delivery (Assets / partners), and (4) Performance (Measurement). The results are presented within the context of these four stages.

Figure 2: Ten Building Blocks of CSV Framework



(Source: Bockstette, 2011a)

Part B identifies outputs and outcomes of CSV involving four key areas: (1) Societal Value, (2) Economic Value, (3) Brand Value, and (4) Competitive Advantage. The strategies for CSV implementation are presented within the classification of Porter's Diamond Model of competitive advantage.

Figure 12 illustrates the conceptual framework of findings, whereas Figure 11 depicts how the conceptual framework was constructed.

Figure 11: The conceptual framework of results constructed

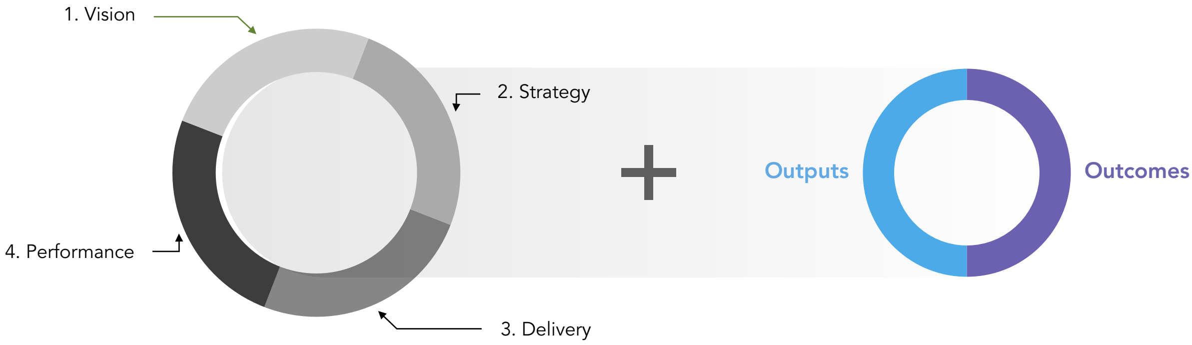
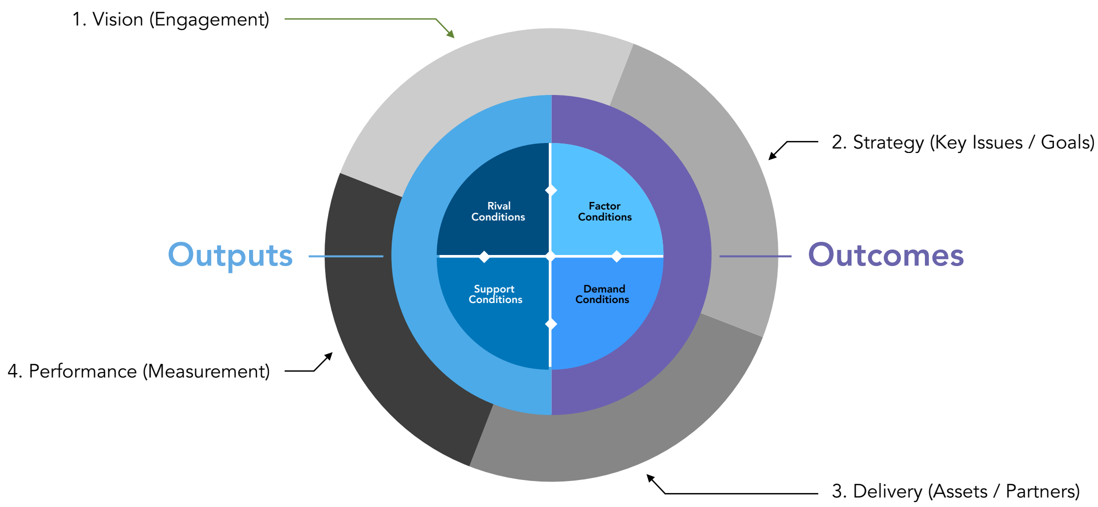


Figure 12: Conceptual Framework of Findings



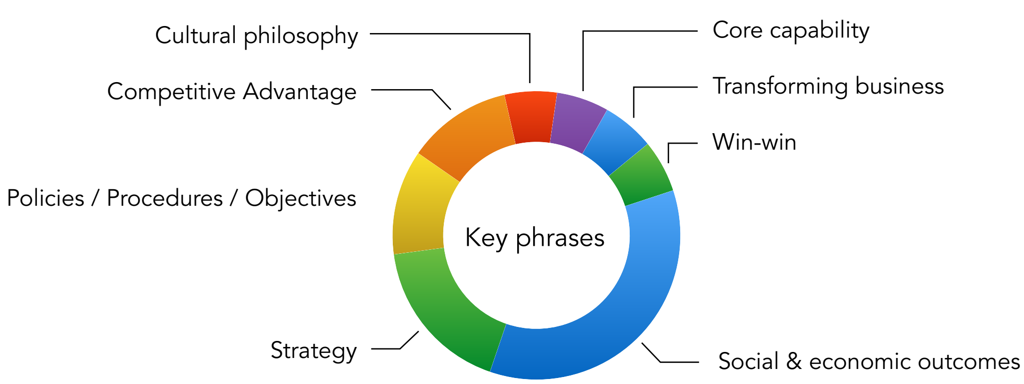
4.2 Part A: The building blocks of CSV

The framework regarding the 10 building blocks for CSV (Figure 2) is discussed in this section and is discussed within its four stages. The first: **Vision** - explores CSV definitions, activities and priorities of the organisations. The second: **Strategy** - highlights key issues organisations can target and goals to set, while the third: **Delivery** - the available assets to achieve the goals, and the role of stakeholders in meeting project aims. The fourth: **Performance** explores CSV measurement and how it is achieved by companies. Industry and corporate representation focusing on varying social issues across Australia are identified, and results presented.

4.2.1 Creating Shared Value: definition

In order to set the context for the qualitative research, this section provides a brief overview of the definitions of CSV and how CSV is viewed within this research population. Before we can discuss the building blocks of CSV, the meaning of CSV to the organisation should be made clear. There is no single shared definition of CSV across the studied companies. The results presented in this section draw out the common concepts and the variety of understandings of CSV. The various definitions of the CSV concept showed that Shared Value remains rather vague and ambiguous. For some, it seeks to achieve value creation through collaboration, for others, the concept enabled opportunities, and an approach to strategy (Figure 13). Expectedly, the majority of interviewees have similar views of CSV to Porter and Kramer, as creating competitive advantage by finding social impact opportunities in core business and competencies.

Figure 13: Key phases associated with respondent's CSV definition



The research harvested several definitions of CSV from the participants:

- *"Shared Value is about placing social problems at the core of business objectives".* ***(SV Report)***
- *"Shared Value is about leveraging the core capabilities of business to address societal challenges".* ***Company Alpha***
- *"Shared Value is about expanding the pool of economic and social value."* ***Company Charlie***
- *"Shared Value represents a tremendous opportunity for transforming the way we do business, for collaborating in new ways and for making a truly meaningful difference to some of our world's most complex issues".* ***Company Delta***
- *"Shared Value is where an organisation through its actions and business practices improves or addresses social and environmental issues. It is an operating and cultural philosophy of "how" organisations approach business, integrated into the strategy. It is understanding how what you do intersects and impacts society and looking at ways in which you can have positive impact, creating a win/win for all involved".* ***Company Echo***
- *"Shared Value is a way we can think differently about a company's strategy. It's a recognition that businesses can and do have a positive and meaningful impact on society. It's an acknowledgement that turning a profit is a good thing and companies should be harnessing their resources and capital, in a way that addresses complex social issues to achieve competitive advantage and total stakeholder return not just shareholder return".* ***Company Foxtrot***

- *"We believe that creating Shared Value is a source of sustainable competitive advantage."* ***Company Golf***
- ***"****Creating Shared Value is about embedding sustainability and corporate social responsibility into business activities that result in economic returns and societal benefit at scale."*

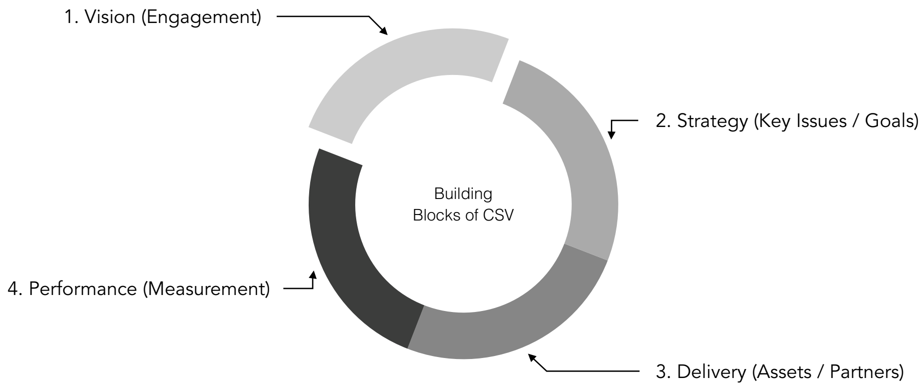
The research also revealed a number of companies that don't pursue a Shared Value strategy…

> *"The term 'Shared Value' is not adopted as commonly used language. Companies may have a CSR strategy that incorporates community, customer and employee engagement which could be called 'Shared Value', but this is still a CSR-led initiative".* ***Company Foxtrot***

Theme 1: *CSV requires common language within the organisation*

The concept of Shared Value can be viewed as deriving from the branches of business literature pertaining to value creation and corporate responsibility. Varying phrases were used to define CSV within the research findings - with the most prevalent being social and economic outcomes, strategy, and operating policies and procedures. The terms of reference for CSV is understandably not too dissimilar to CSR. For the purpose of this study pursuant to the proposed conceptual framework, the following definition is accepted:

> *"CSV is about embedding sustainability and corporate social responsibility into business activities that result in economic returns and effect societal benefit at scale."* ***(Porter, 2011b)***

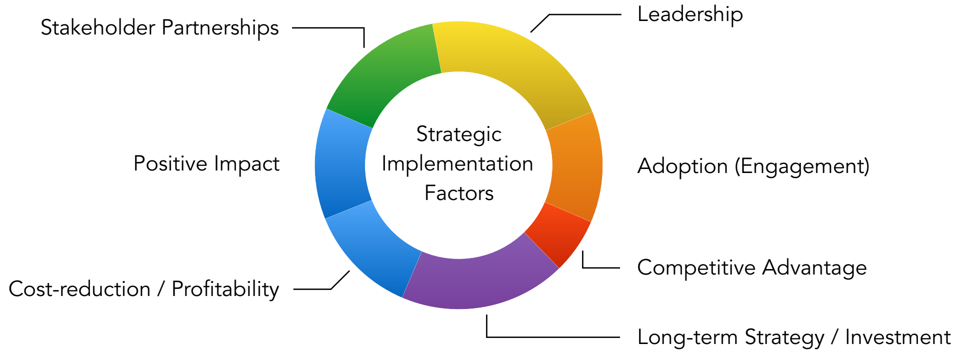


4.2.2 Vision

4.2.2.1 Block 1 | Engagement

CSV starts with an explicit strategic decision by corporate leaders. An engaged leadership is able to maintain focus, pave the way for innovation and creativity, and manage resources throughout the company to achieve meaningful impact. Importantly, credible leadership can rally like minded partners to assist in their efforts. Engagement is seen as integral to strategy implementation at all levels within the company and a consultative approach to defining strategy and stakeholder buy-in through participation. Figure 14 represents the survey results in priority regarding key factors in CSV implementation: (1) Leadership, (2) Investment, (3) Partnerships, (4) Engagement, (5) Positive Impact, and (6) Profitability.

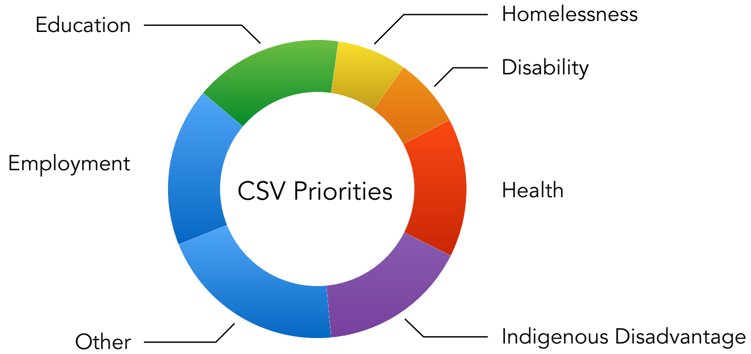
Figure 14: Strategic Implementation factors for CSV



4.2.2.2 Creating Shared Value Priorities

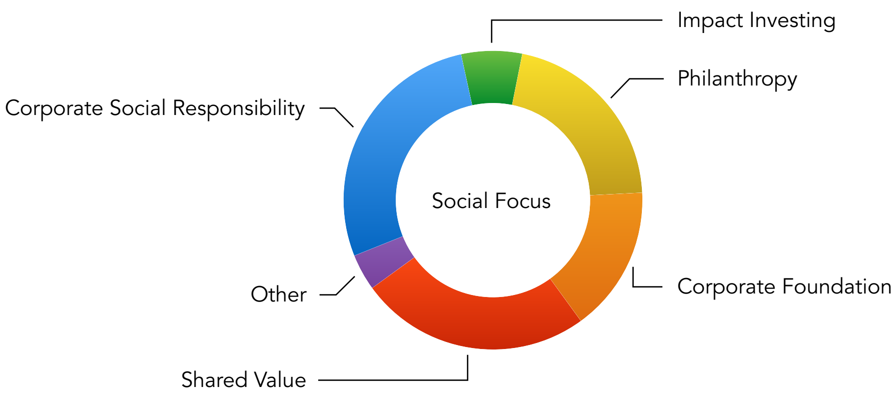
This includes an examination of the types of activities that comprise the CSV initiatives. The purpose of this was to better understand the focus and priority areas of the respondents involved in this research. An important aspect of creating priorities is to identify where social issues intersect a company's business activities. The analysis showed that five categories cover all the CSV priorities mentioned by participants. These are not undertaken by all companies surveyed, but represent all mentioned and illustrated in Figure 15. The five categories are as follows: (1) Education and employment, (2) Health and disability, (3) Homelessness and housing, (4) Indigenous disadvantage and (5) other priorities.

Figure 15: CSV Priorities that Intersect Respondents Surveyed



When asked about what social issues were the focus of their strategies, the research identified impact across a wide range of issue areas with Shared Value, CSR, and Philanthropy as being most prevalent (Figure 16). The quantitative findings revealed no clear relationship between the sector that the company belonged to, and the social focus of their interventions. Traditionally, organisations lacked the resources and expertise to address social issues, yet acknowledged they had a responsibility to support the community and would traditionally do so through activities that impacted the bottom line such as philanthropy and CSR. More recently however through sustainable practices such as impact investing and Shared Value strategies. Interestingly, the research participants indicated that they commit to a range of activities that encompass both traditional and innovative levels of community support.

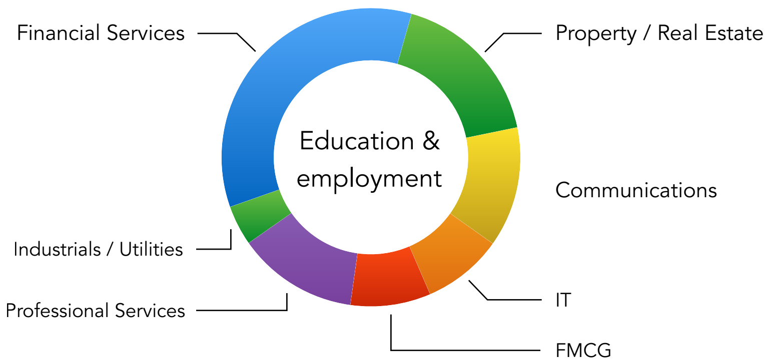
Figure 16: Social focus of respondents surveyed



4.2.2.3 Education and employment

Education and employment objectives were a fundamental focus for all respondents involved in this study (Figure 17). For the purposes of this research, the term 'education' is an enabler of development. Across all companies in all industries, CSV initiatives and programs were targeted towards education and employment in some way.

Figure 17: Education and Employment CSV Initiatives Across Industry Sectors



For example, Company Hotel offer scholarships and work experience opportunities centred around development, education and employment objectives. The program aims to give aspiring students financial support and work experience to improve their job prospects. Company Alpha however, provides several paid trainee programs over a six month duration to enable participants to find meaningful employment.

Company Echo in partnership with an NGO, provides Literacy Buddy programs to assist primary school children with their reading and writing skills and provide an adult role model. The program also administers mock-interviews to prepare young adults for their future in the workforce. Company Delta commenced their partnership with an NGO in 2016 by funding the development of an App specifically designed to meet the needs of children within Australia. The project aims to educate school communities around key elements of disaster preparedness. The App enables children to increase their likelihood of survival in the instance of a disaster and their resilience after the event.

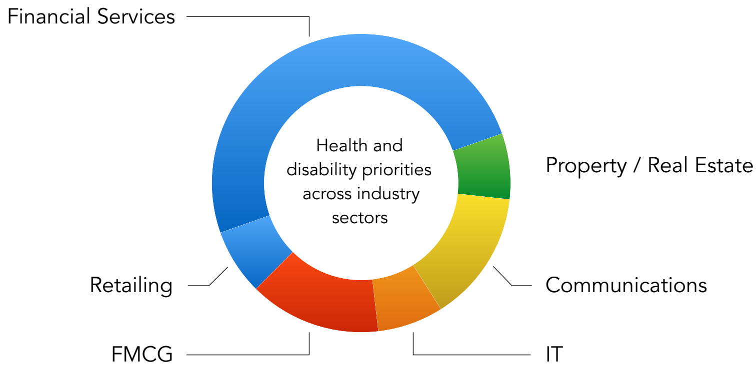
Company Bravo , have teamed up with an NGO to introduce a program titled 'Solve to Save' which earns financial rewards when students successfully complete weekly tasks using the program, which they need a Bravo Bank Account to participate.

Companies recognise social and commercial value in education and employment outcomes. Such programs as those identified in the research, not only demonstrate commonalities in practice, but highlight successful outcomes across varying industries, and across a broad demographic. All companies in the population claimed their education initiatives as successful. However, the findings offered little as to whether these programs directly benefited companies championing the initiatives, or the time taken to achieve sustainable outcomes. Rather, participants indicated that creation of new value is created as a result of their investment in terms of increased literacy, and workforce resilience in the community.

4.2.2.4 Health and disability

The research findings indicated that Health and Disability were another key priorities for companies in incorporating Shared Value programs (Figure 18). Health and Disability encompasses initiatives designed to improve the health outcomes of the Australian community with an emphasis on chronic illness and disability, mental health, preventative medicine and health programs, and health in rural and remote areas. Programs also focused on new technology and shared learning to deliver new opportunities for organisations working to promote good health for all Australians, and to improve outcomes for people living with disability.

Figure 18: Health and Disability CSV Initiatives Across Industry Sectors



An example at Company Echo, where a health and wellness program is designed for their customers holding a life insurance policy. It offers members the knowledge, tools and motivation they need to improve their health and rewards them for doing so. Members can track their health improvements and receive points to access further rewards and benefits. Echo has a Shared Value strategy referred to as 'Safer' - targeting work, home and roads. Customers who have suffered workplace accidents have access to a service improvement program to enable a deeper understanding of workplace incidents, and greater empathy for personal impact as a result. This renewed customer focus strengthened Company Echt's performance in the Victorian WorkSafe Injured Worker Survey, creating value for injured workers and their businesses. Customers can improve their health and safety at home by utilising the Company Delta App - a partnership with government which assists in minimising risks and claims. 'Safer Journeys' rewards good driving habits with non-insurance rewards.

> *"As a life insurer we've looked at ways we can proactively improve the lives of people who suffer or are at risk of suffering these problems, while also improving our competitiveness as a business. Two primary examples of areas where we've been active in Shared Value innovation are the social issues of mental health and obesity."*
>
> ***Company Echo***

Company Bravo provides disability support by way of funding, and have partnered with an NGO to work with children with a range of access needs. They achieve this through live theatre, helping children on the autism spectrum and those with complex and multiple disabilities who may have limited movement and/or sensory impairment and complex communication needs. Company Bravo also supports a social enterprise that aims to reduce the incidence of suicide for those at risk in the Central NSW Coast and Hunter Valley region. Company Bravo reported that they provide self-empowerment programs and support community events designed to build resilience, strengthen family relationships and promote social inclusion.

Company Charlie supports youth disability locally through a partnership with an NGO. Their program visits childcare centres and schools, promoting positive inclusion of children with a disability. The program is brought to life by six life sized puppets, and they are used as an inclusion tool and resource for this unique education program. Another local program conducted by Company Charlie, is involves community volunteers, who help disabled people to be socially connected within their own homes using computers and subsidised broadband. Computer equipment is provided, installed and maintained by a group of volunteers and sponsored by Company Charlie. Whilst the research indicated that some companies are exploring ways to partner with NGOs to create Shared Value, others such as insurers, are using innovative means such as incentivised health care to both differentiate , and as a means to reduce risk in achieving social and economic objectives.

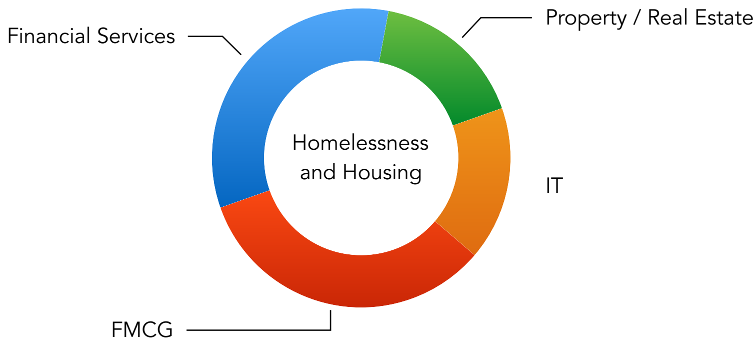
4.2.2.5 Homelessness and housing

Homelessness is often a result of a number of complex issues which can include domestic and family violence, intergenerational poverty, long term unemployment, economic and social exclusion, mental illness and psychological distress. Homelessness can result in significant social and economic costs to individuals, families, communities and the nation as a whole. Housing affordability is equally problematic, and contributes to homelessness.

The research indicated that affordable housing and homelessness are a lower social priority than other social issues. However, both the Fast Moving Consumer Goods (FMCG) and

Financial services sectors are actively conducting shared value programs aimed at homelessness and/or affordable housing (Figure 19).

Figure 19: Homelessness and Affordable Housing CSV Initiatives Across Industry Sectors



For example in 2009, Company Alpha instituted a new organisation-wide strategy seeking competitive advantage by offering a fairer proposition to its customers through a program named Alpha Care. This program provided financial hardship advisory and loan repayment options for customers defaulting on their loans. At the time, this was an innovative approach to dealing with those customers struggling to meet their loan repayments. Company Alpha's collections department partnered with a mental health NFP, to provide all Alpha Care employees with training to identify and manage customer financial hardship. Staff were rewarded through performance evaluations where proactively managing customer financial health was a key performance indicator.

As of 2013, Alpha Care had helped over 100,000 vulnerable customers. The result was a 20 percent reduction in loan defaults and 47 percent clearance of hardship cases within six months. Alpha Care claim the success of the program has resulted in 40 percent of Alpha's clients voluntarily seeking advice before a collections event, saving Company Alpha $7.2 million in costs.

> *"Shared Value is a smart way of doing business. Our aim is to be Australia and New Zealand's most respected bank. If we put our customer's needs first, and keep an eye on the bigger picture, then we're on track to achieving the future we want to see."* - ***Company Alpha.***

Company Charlie are also committed to tackling homelessness and affordable housing by becoming funding partners in a $50 million shared equity pilot program launched by the Victorian Government (HomesVic). Under the scheme, the Victorian Government will assist up to 400 first home buyers who meet the eligibility criteria to enter the property market earlier by reducing the amount of money required for their home loan. HomesVic will provide funding and take a proportional beneficial interest of up to 25 percent in the property, subject to successful applicants meeting eligibility criteria.

Since 2010, Company Hotel have partnered with a social enterprise to help homeless youth to achieve stability of self, Income and housing. Their objective was to provide a location in central Melbourne to run their first coffee cart and cafe. The NGO initially developed as a social enterprise, now provides hospitality training, work experience, support and employment to homeless and disadvantaged youth while simultaneously offering individual case management, counselling, group life skills programs, social activities and access to specialist service providers. Company Hotel owns and manages a portfolio of offices, logistics, business parks and prime shopping centres across Australia. By the end of 2015, the social enterprise had worked with over 450 young people providing over 38,000 hours of support and training, while serving more than 1.25 million customers.

> *"Working with a social enterprise allowed us to cast a new lens, breaking away from the traditional tenant-landlord relations. In terms of looking at how we engage with the community in and around our centres, there are lots of things that we have developed from the thinking done through our partnership." –* ***Company Hotel***

Another project at Company India, aims to support new and existing tenants of partnered Real Estate agents, to ease the pressure on emergency accomodation and social housing. The project uses a collaborative approach to address the needs of those at risk of homelessness, using existing resources of the service system. In the first 2 years of operation, the project saved almost 60 tenancies as well as an estimated $56,000 eviction costs and 1.1 million in potential loss of future earnings for landlords.

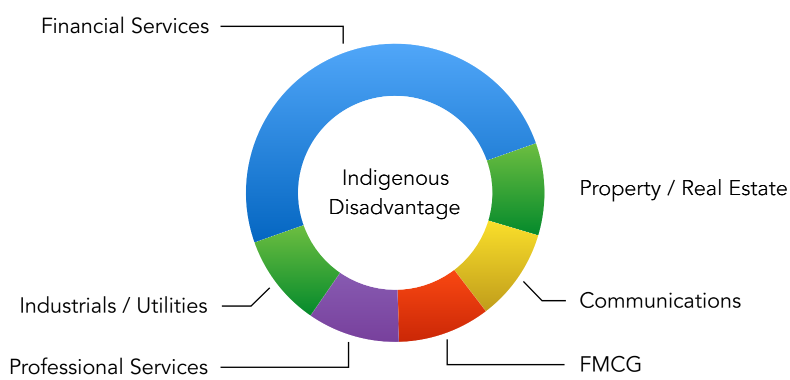
"We work with local real estate agents to reduce rent loss, introduce and sustain tenancies." - ***Company India***

According to the Australian Bureau of Statistics (ABS, 2016) census data, Australia has experienced a 14% increase in overall homelessness since 2011. The ABS report that the stressed private rental market, underfunded and deteriorated public housing, and an intensified shortage in stock are key causes. For any realistic chance of progress, the Australian government and the private sector need to prioritise homelessness as a social ill. It needs to re-engage with the problem, and seek opportunities to yield positive social outcomes and economic returns to reduce the scale of homelessness, and to ensure enough social and affordable housing is created to meet demand. Unfortunately, the research indicated that housing affordability and homelessness ranked low in priority for Shared Value opportunities or strategic direction with the exception of financial services and FMCG sectors. They indicated that they were well positioned to positively impact homelessness and/or affordable housing through their Shared Value activities.

4.2.2.6 Indigenous Disadvantage

The survey conducted and subsequent interviews indicated that the financial services sector provided the greatest level of support and influence with respect to addressing indigenous inclusion. Issues including health, employment, homelessness, education and economic participation (Figure 20).

Figure 20: Indigenous Disadvantage CSV Initiatives Across Industry Sectors



In Australia, there is a disparity and divide between Indigenous and non-Indigenous people in terms of health, mortality, literacy and numeracy, child abuse, family violence, and adult imprisonment (SCRGSP, 2014). Given that Indigenous Australians (761,300) represent 3% of the Australian population, they experience widespread socio-economic disadvantage and health inequality. Poor social and emotional wellbeing can have negative impacts on employment, income, living conditions and opportunities.

The Australian Government with the introduction of the Reconciliation Action Plans (RAP) program, is designed to help build respectful relationships between Aboriginal and Torres Strait Islander people and other Australians. The program is designed to enable a unified approach to close the gaps involving social inclusion, and to achieve a shared sense of fairness and justice. The goal of RAP is to provide a framework to articulate Shared Value strategy and transform opportunities into measurable outcomes that benefit all Australians. RAP provides a framework and plan for companies to articulate their Shared Value strategy and to turn good intentions into measurable actions that support Aboriginal and Torres Strait Islander people to achieve equality in all aspects of life (Armstrong, 2006).

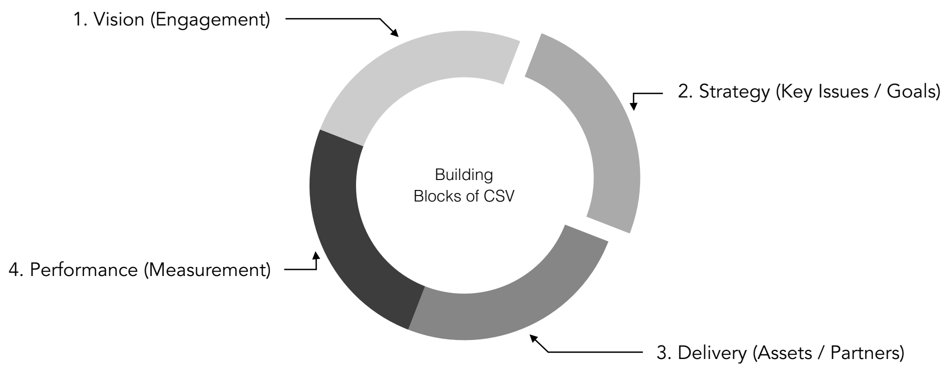
For example, Company Alpha since 2008, has promoted financial inclusion by providing Indigenous customers with greater access to affordable financial products and services, employment streams in the banking sector through internships and traineeships, and business growth and prosperity through partnerships with indigenous businesses. Another example is Company Juliet, who are teaching women and teenagers in Aboriginal communities in Australia, the value of nutrition expertise and healthy eating education. The 'Aboriginal Youth Development Programme' is working with aboriginal girls aged 11-18 and their mothers, educating them on balanced diets, the benefits of exercise and culinary hygiene. As part of the project, a number of initiatives were identified for expansion including the 'Mother Daughter Nutrition Programme', school based traineeships, training and development, youth centre volunteering and mentoring.

> *"We want to make a difference in the societies where we operate. With a work force of more than 5,000 employees, we believe that we have enough skills combined to make a difference to these communities."* ***Company Juliet***

Company Bravo's micro-finance partnership with an NGO enables disadvantaged and marginalised people to access loans for investment, and the new Indigenous Banking team is dedicated to better meeting the banking needs of Indigenous Australians. Engaging a wide range of stakeholders in co-design of the strategy, regular communication, reporting and strategy refinements, are amongst the key success factors in Company Bravo's Shared Value initiatives. These are combined with a focus on clear ownership of time-bound metrics by business leaders and layers of governance, including board oversight.

> *"Our foundational Financial Inclusion Action Plan focuses on key areas where Company Bravo can make the greatest contribution to financial inclusion in Australia.*
> ***CFO, Company Bravo***

A number of key insights emerged during the data collection phase in identifying how organisations are creating value and impact. In the context of the examples provided, it describes how corporates, government and NGO partners benefit Indigenous people and communities to deliver 'win-win' outcomes.

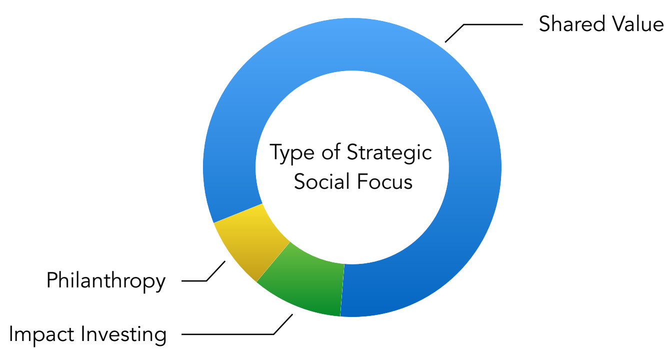


4.2.3 Strategy

4.2.3.1 Block 2 | Key Issues

In this thesis, strategy formulation involves steps in planning and decision-making (go or no-go), the preparations of implementing a strategy, and how to prioritise objectives in consideration of CSV suitability. When asked if their company's strategy included a social focus, the majority of respondents indicated that Shared Value was their most important strategic social focus (Figure 21). Whilst the result was not unexpected, it indicated that organisations seek to address social issues through CSV initiatives, departing from more traditional means of community support. Given that CSV is an emerging strategy to address social issues in a profitable way, this would indicate that company's seek opportunities in implementing CSV through innovative business models.

Figure 21: Type of Social Focus in Company Strategy



Furthermore, the research indicated that organisations view leadership as primary, in strategy formation and execution. Respondents further indicated that a Shared Value strategy required a long-term strategy or investment, and that stakeholder partnerships and broad adoption were equally important (Figure 22). In fact, most CSV strategies took up to 5 years to implement (Figure 23).

Theme 2: *CSV needs to be embedded into corporate strategy*

Figure 22: CSV Strategy Implementation

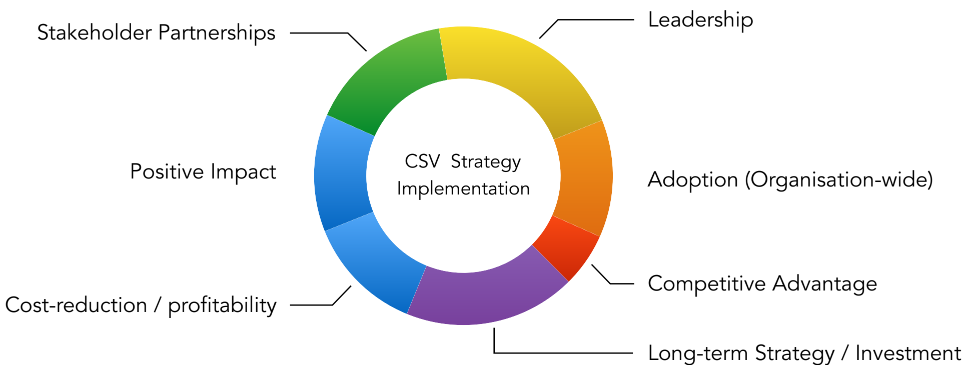
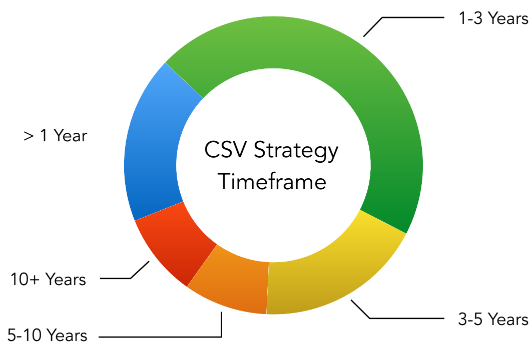


Figure 23: CSV Strategy Timeframe



4.2.3.2 Block 3 | Goals

Setting well-defined goals ensures that CSV activities maintain momentum, are focussed and targeted, and establish a reference point to which a company can be accountable. Whilst ambitious, such goals need to be measured against desired outcomes, and require a level of innovation and freedom to enable managers to achieve them. The research findings indicate that such freedom is steered by different leaders within diverse business units such as CSR / sustainability, Procurement and marketing. These are depicted below in Figure 24.

Figure 24: Strategy Design & Implementation

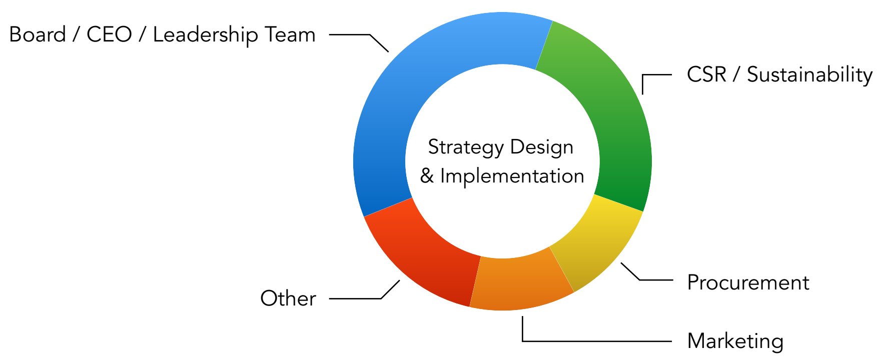
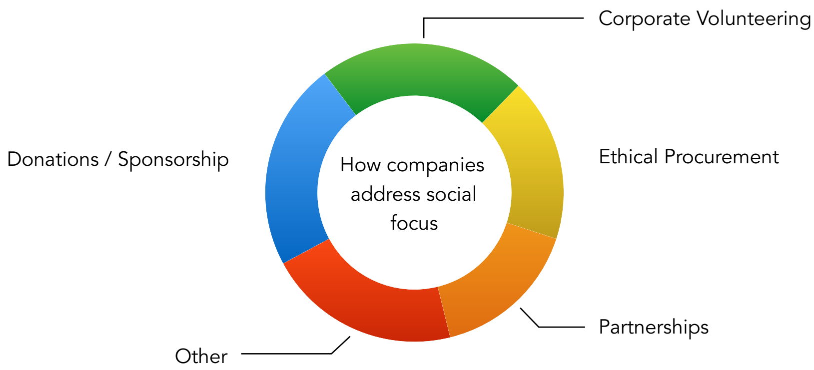


Figure 25 illustrates how companies pursue various avenues as a means to creating a unique value chain and unique value proposition, making clear tradeoffs and avoiding pitfalls. Their efforts were predominantly centred around donations, sponsorship and giving, corporate volunteering and mentoring, followed by ethical procurement and partnerships.

Figure 25: How companies address social focus



Strategy formulation was critical to executing their Shared Value programs and subsequent goals, and was typically rolled out at an organisational or divisional level (Figure 26). Such programs were generally spear-headed by the board or top-level management, or in larger organisations by CSR or sustainability departments (Figure 27).

Figure 26: CSV Strategy Adoption

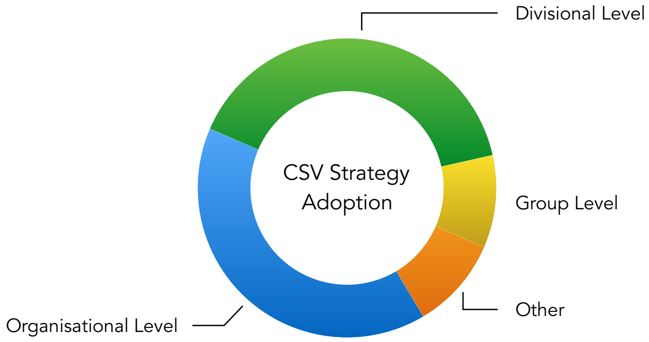


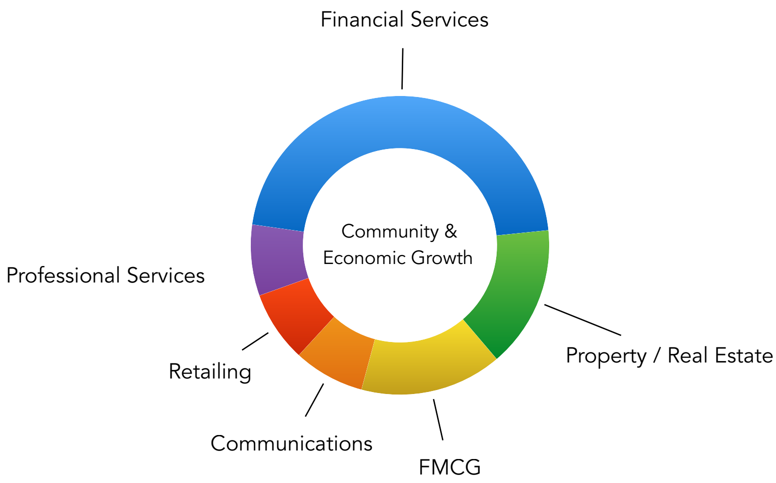
Figure 27: CSV Strategy Leadership

Increasingly, companies are working to intensify their relationships with stakeholders and to anchor stakeholder management in their corporate strategies. A stakeholder is defined as a group or an individual who can affect and is affected by the actions, decisions, policies, practices, or goals of the organisation (Carroll, 1999).

> *"Successful collaboration will be data driven, clearly linked to defined outcomes, well connected to the goals of all stakeholders, and tracked with clear metrics."* ***Porter, 2011***

When companies engage stakeholders such as customers, suppliers or shareholders, the business justifications are obvious. However, when companies choose to engage with NGOs and governments, the purpose is not always as clear. According to Mazzucato (2017), defining the direction of investments should be based on sound diagnosis of each challenge by the organisation together with other stakeholders. These challenges result in partnerships that are forged and fostered to address uncertainty, or a lack expertise within the lead organisations' core competence. This ensures that companies don't detract from their strategic goals rather, are able to deliver a greater value to both primary and secondary stakeholders. Respondents highlighted several sectors that were focussing on community and economic growth goals (Figure 28).

Figure 28: Community and Economic Growth Goals

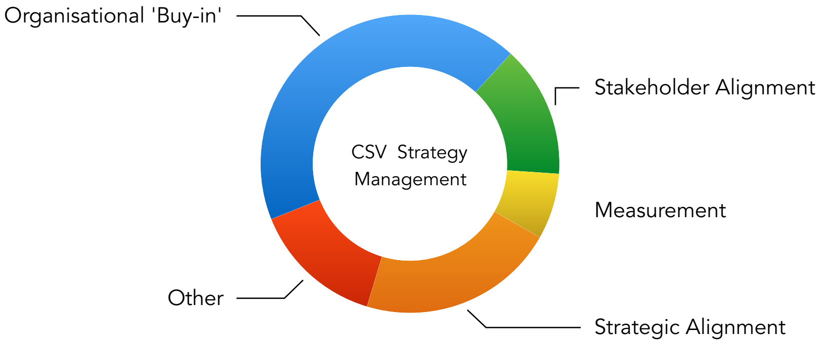


Such objectives are best established jointly and in collaboration with stakeholders. Putting together these different elements leads to a refined stakeholder view of strategic management. Importantly, getting the right stakeholders onboard and anticipating or resolving points of tension and disagreement between those impacted by the company's operations, will assist in avoiding hurdles (Klein, 2013).

This research confirmed that there is a wide range of stakeholders for any given industry such as government, suppliers, customers, community, NGOs, boards and leadership teams. These collectively represent both internal and external stakeholders. The research indicated that regarding the main challenges facing strategy implementation, belief and strategic alignment were major challenges within an organisation. Externally, stakeholder alignment was considered to be difficult to achieve, and unified CSV measurement remains illusive - with respondents employing pragmatic approaches (Figure 29).

Theme 3: CSV requires support and belief from leadership

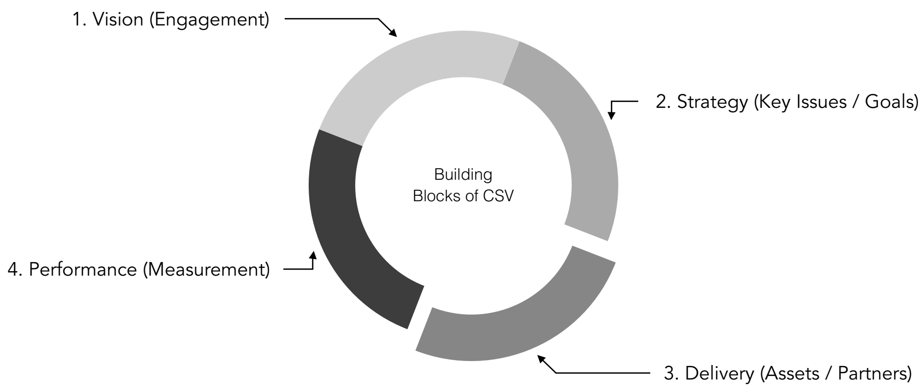
Figure 29: Challenges Facing CSV Strategy Implementation



There are many ways organisations can collaborate with stakeholders on ideas, areas of mutual interest, opportunities and networks — from exploratory conversations to regular meetings and presents lower levels of formality, obligation and risk. Using dialogue to unlock Shared Value amongst stakeholders is part of a company's innovative arsenal, where open exchange with stakeholders reveals potential for value creation and new business models. For example, government, private organisations and NGOs through their support of the Shared Value Project, help promote its mandate of growing their Australian membership base. This brings more businesses into a network of organisations with shared beliefs that align with their interests in tackling social issues.

> *"The most successful cluster development programs are ones that involve collaboration within the private sector, as well as trade associations, government agencies, and NGOs."* ***Porter, 2011***

Stakeholder engagement needs to be pursued systematically and in sync with business strategy. Rather than purely focused on shareholder's interests. Organisations see their long-term success as closely tied to their interactions with stakeholders that can affect or be impacted by their activities - building trust and the ability to excel.



4.2.4 Delivery

Once goals are established and form part of a company's strategy to address social issues, a subsequent challenge is to mobilise the internal and external resources to deliver on the strategy. Effective delivery that leverages assets and expertise across functions and business units within the company as well as from external partners and stakeholders (Porter, 2011b).

4.2.4.1 Block 4 | Assets

Companies address the issues by leveraging the available assets, skills and knowledge capital, and necessary political and business influence. The most effective companies orchestrate a combination of assets in areas where they have an edge over others. They consult stakeholders and NGOs, and new networks and partnerships are formed to address targeted issues.

To achieve these goals, Company Alpha has assembled a range of assets and resources from across the company , starting in 2015 with a $50 million Fintech start-up fund and has pledged another $50 million in 2018, taking the total pool to $100 million. Since announcing the fund in 2015, Company Alpha has made 12 investments in start-ups both in Australia and overseas as it aims to tap into the latest technologies and trends by building closer links with leading Fintech companies.

> *"By engaging with, investing in and partnering with leading start-ups, Company Alpha continues to provide Company Alpha with exposure to best-in class digital*

capabilities and propositions that will enable it to respond to the radical technology driven changes that are impacting the business and its customers.” ***Company Alpha***

Company Alpha works with companies inside their portfolio to establish collaboration and opportunities to drive positive outcomes for all stakeholders. Committing to a long-term strategy, they work with start-ups to capitalise on opportunities and drive value into the business and their customers businesses.

4.2.4.2 Block 5 | Management

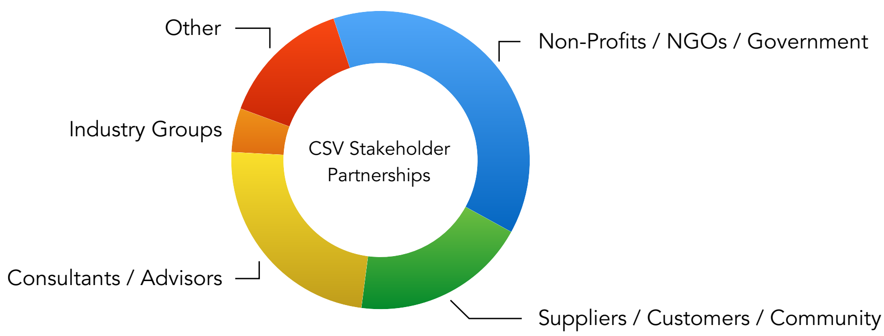
The research findings suggest that in successful companies, social engagement is integrated into a wide variety of roles and functions both internally and externally, and often overseen at the board and leadership levels. Rather than purely directing grant funding or reporting, CSR and philanthropy personnel and resources work towards coordinating projects and embedding practice throughout the organisation. The process calls for a substantially different role to their traditional one - change managers rather than program managers. Traditionally, managers were primarily focused on external relations: grant administration, stakeholder consultation, partnership management, and communications but such activities are no longer central to the role. Instead, the primary emphasis is on facilitation and change management. Managers are expected to broker and coordinate activities across the company under sound leadership, and afforded sufficient managerial authority to act.

For example, Company Delta’s Shared Value team is spear-headed by a dedicated Shared Value Manager, who oversees the strategic development and execution of their organisational-wide Shared Value activity. Company Delta has built a high-performing team, and has engaged extensively across the business and its operating markets – from the board, group leadership team and frontline staff through to strategic partners, customers and investors.

4.2.4.3 Block 6 | Partners

Partnering is characterised by a more formal relationship between the parties and generally includes higher levels of structure and obligation. The research indicated that partnerships were a way that companies executed their strategy to address social issues. In some cases, these partnerships arose from prioritising community needs and working with local groups who are already in motion to address the need. Figure 30 represents key stakeholder partnerships that companies establish to evolve core competencies to tackle CSV implementations. The findings indicated that the majority of their partnerships comprised of NGOs, non-profits or government. In addition, consultants or advisors also formed key partnerships so as to enable companies to fulfil their CSV agenda. Other stakeholders such as community partners, customers and suppliers represented a similar level of significance, however Industry groups representing the least engaged in strategic partnering.

Figure 30: CSV Stakeholder Partnership



For example, Company Bravo formed a corporate partnership with DFAT (Department of Foreign Affairs and Trading), which aims to improve the livelihood of men and women in the Pacific. The partnership aims to increase economic activity in Papua New Guinea and Fiji by increasing access to finance and supporting private sector development. A key element of the partnership is to deliver greater economic opportunities for women through the rollout of financial services (mobile phone and branchless banking), and through women's economic empowerment including improving access to loans for small and medium enterprises owned by women.

Company Kilo in consultation with local farmers, are able to purchase ingredients for their brewing production, the by-product of which is then sold back to farmers to provide feed for their livestock. Company Juliet has a similar partnership with farmers to develop oat breeds that deliver better yields, higher quality, and are disease and drought tolerant. It also involved working with farmers to encourage oats sowing and give the assurance of a guaranteed buyer for their crop.

DFAT demonstrates that the public sector can play a vital role in enabling and promoting Shared Value in private sector partnerships, Government is key to creating Shared Value opportunities at scale, by acting as a knowledge broker, operating partner, convenor, and contributor of resources.

> *"This is the Australian Government's invitation to the private sector to collaborate with us and build sustainable solutions that tackle development challenges in our region whilst delivering commercial returns."* ***Julie Bishop, Minister for Foreign Affairs (DFAT, 2017)***

The research and examples presented showcase the importance of collaboration and forming partnerships in order to achieve Shared Value outcomes. Partnerships with NGOs and government enable companies to initiate and scale Shared Value strategies. Processes that inform action through consultation to reveal complementary capabilities through stakeholder engagement to tackle a common issue.

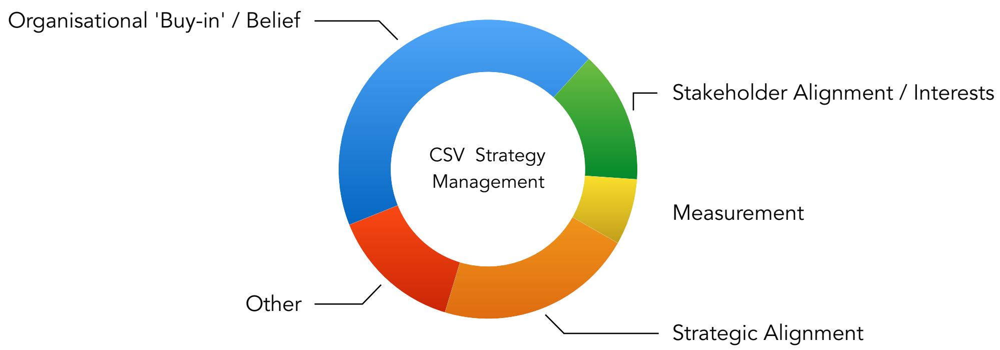
Theme 4: *CSV leverages partnerships for success*

> *"Strategy theory holds that to be successful, a company must create a distinctive value proposition that meets the needs of a chosen set of customers. The company gains competitive advantage from how it configures the value chain, or the set of activities involved in creating, producing, selling, delivering, and supporting its products or services." (Porter, 2011b)*

Porter further contends that companies should try to enlist partners to share the cost, win support, and assemble the right skills - a sentiment shared by the majority of participants in this research. When companies were asked what were the main challenges they faced when implementing their Shared Value strategy, respondents indicated that organisational belief was their biggest hurdle.

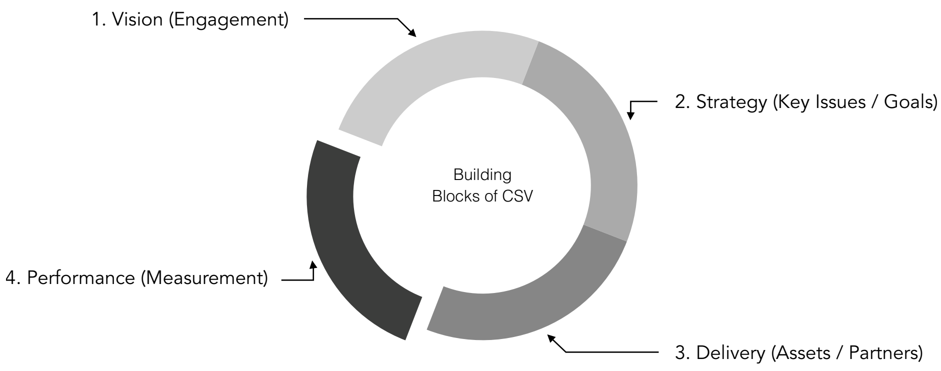
> *"Internally, it was seen as a soft and fluffy concept that delivered marginal economic benefits. Aligning relevant teams to develop and deliver strategy was also a challenge."* ***Company Echo***

Figure 31: CSV Strategy Management



In considering CSV implementation, companies face various challenges at differing stages. Commencing with the company vision, the research indicates that management 'buy-in' from the very top is essential in prioritising Shared Value issues and goal setting (Figure 31). It drives the company's strategy, leveraging the necessary knowledge and resources across the business units within the company, and deploying the necessary partnerships and stakeholders to deliver high performance and establish a competitive advantage.

Measurement is a challenge that is best tackled through regular monitoring, of which the progress and performance is dictated by tweaking the company's strategy, and learning from results. By focusing on performing initiatives, companies are able to replicate and/or scale impact to achieve desired outcomes. Success is often communicated to ensure momentum and continued efforts so as to avoid obstacles and deviation from the strategy.



4.2.5 Performance

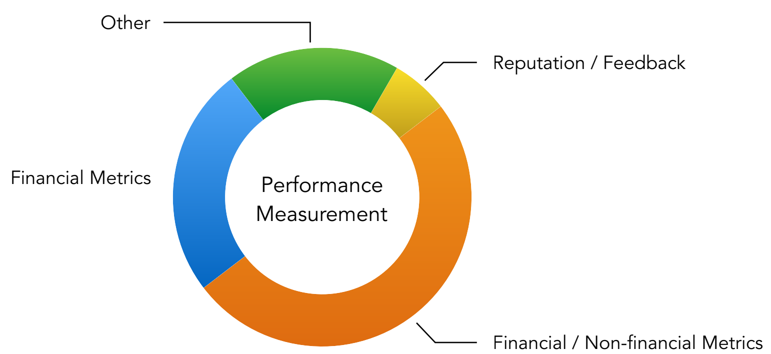
The fourth theme explores a company's performance measurement and reporting practices. First discussed were, the type of value companies are creating and performance measurement practices in place. The main purpose of this theme was to look into social impact measurement, thus questions regarding social impact and Shared Value creation measurement were emphasised. Learnings from measurement to improve efforts were considered, along with challenges and typical timelines for organisations to realise such value at scale. Finally how organisations communicate progress to both external and internal audiences. Both the quantitative and qualitative results were considered, when addressing this section of the findings.

Historically,, social and environmental risks were often dismissed by companies as externalities, whilst they pursued profit. Whereas today, companies listed on the ASX are required to comply with the corporate governance principles which mandates them to disclose sustainability risks and CSR reporting. Regardless of the evidence that suggests businesses adhere to such reporting, suspicion remains that CSR reporting acts as 'window dressing' behind which companies operate in much the way they always have (Gray, 2006, Murray, 2015), imposed from external pressure rather than strategic or operational action (Porter and Kramer, 2006). Conversely, an internal shift in strategic thinking has prompted companies to link their social efforts to corporate success (Barraket and Yousefpour, 2013). New value propositions are sought, as well as tools and measurement to track performance and scale success.

4.2.5.1 Block 7 | Measurement

The literature reviewed indicates that effective strategies to achieve CSV are aimed at continuous improvement to deliver high performance. Companies measure their progress against milestones and goals, learn from their activities and make adjustments accordingly to bring about scale. They communicate wins in ways that engage and incite relevant stakeholders both internally and externally, to maintain momentum and purpose. The banking institutions that participated in the study measure the number of customers that default on their loans and provide interim support to overcome financial hardship, foster greater customer engagement, improve debt recovery, and increase loan affordability. Part of the success of a company's CSV initiative is the ability to optimise opportunities and to review and reflect on learnings to better understand what works and what doesn't. Where efforts have competitive implications, not all companies are forthcoming in sharing such information externally.

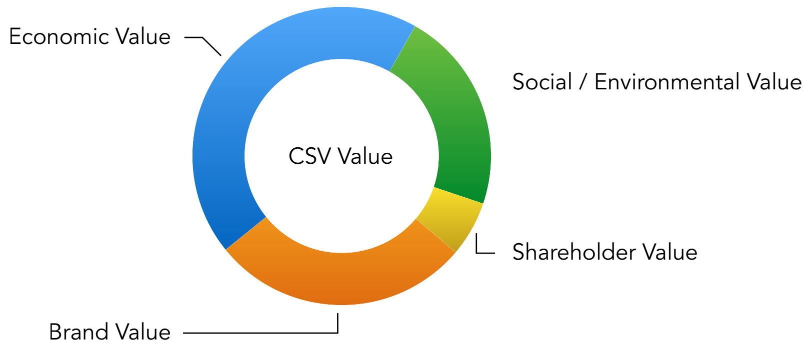
Figure 32: CSV Performance Measurement



A company's performance is mostly measured on financial metrics and customer and employee feedback. Regarding social and environmental initiatives, little information on measurement was offered by respondents. This is likely due to the difficulty in measuring and reporting social and environmental outcomes as opposed to economic. However, respondents are more decisive regarding success factors that organisations seek to deliver on their Shared Value strategy (Figure 32). When asked what factors were key in achieving their Shared Value strategy, respondents believed that 'management buy-in' was essential. They also indicated that metrics and reporting were most important to maintain momentum and to differentiate between what works and what doesn't in determining success.

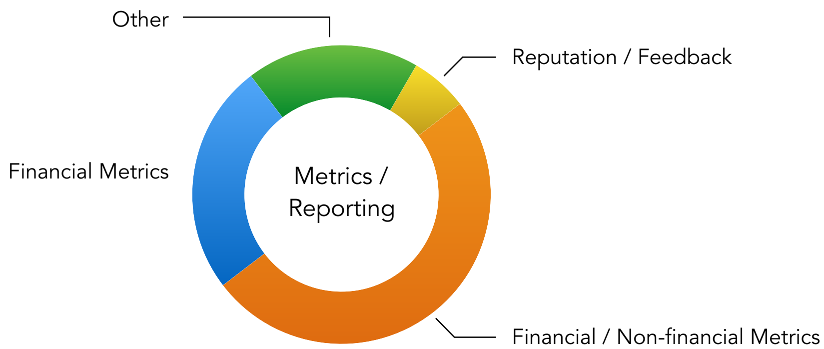
When asked what type of value companies measure, as a result of their Shared Value activities, economic value was the most prevalent followed by social / environmental value. The findings also indicated that CSV delivers significantly to brand and reputation value, with the least value attribute to shareholders (Figure 33).

Figure 33: CSV Value Drivers



Companies were asked to rank the type of results they measured and the importance of such metrics in delivering their programs (Figure 34).

Figure 34: CSV Metrics and Reporting



Respondents indicated that both financial and non-financial metrics were equally important indicators of success, whereas financial metrics alone were significantly less important. Whilst feedback and reputation metrics were marginal, companies indicated that they were important in tracking progress and fostering stronger stakeholder and community relationships.

For example, Company Golf use eight key performance measures that encompass both financial (four) and non-financial (four) metrics. One of their four non-financial measures is a Societal Relevance Index (SRI). The SRI is a single index created internally, incorporating a basket of 18 separate measures to determine the company's societal impact.Such views are in accord with Emerson (2003), whereby historically for-profit organisations have focused on financial accounting and performance measurement. They have struggled to recognise the social value conversion to corporate economic success, and the transformative and interconnected nature of socio-economic markets (Emerson, 2003). CSV requires companies to integrate measurement and reporting (triple bottom-line), rather than simply adding environmental or social elements to existing financial measurements (Emerson, 2003, Nicholls, 2009).

4.2.5.2 Block 8 | Learnings

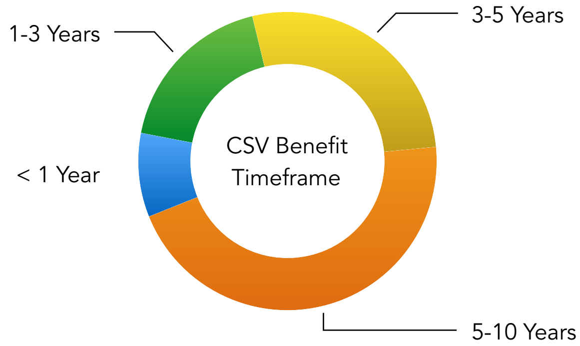
The major challenges of measuring CSV are in social impact measurement, complexity in indicating social value, the timeframe to realise the benefits, and the necessary resources and knowledge for it to succeed. It's complex because of the difficulty surrounding definition and measurement, whether it be responsive or proactive. This is due to general progression or company specific actions, and whether they are attributed to the partnerships formed. When measuring impacts (both positive and negative), many interviewees pointed out that social value creation cannot always be measured in monetary terms.

Respondents indicated that reviewing measured outcomes was key in understanding what was working for the organisation or where they had to focus interventions to better achieve outputs. This included regular measurement of key milestones, feedback from stakeholders, and both business and social value. Respondents further noted that materiality and known outcomes that were measurable within a time frame were important. Impact can be indirect, unintended and multidimensional, and can extend over a broad time-scale. Similarly, should the measurement phase be protracted, the direct impact becomes difficult to differentiate from surrounding progression.

4.2.5.3 Block 9 | Scale

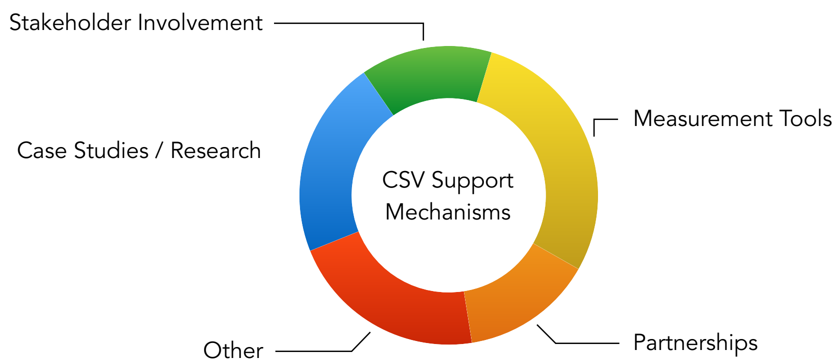
Acting at scale enables companies to transform CSV opportunities to address often large, complex social challenges. Solutions therefore need to be replicated at scale to ensure meaningful impact on both social progress and corporate competitiveness. When participants were asked how long it took for companies to realise the benefits of their CSV initiatives, almost half indicated that it took between 5-10 years. Whereas a third believed the timeframe was between 3-5 years. These findings suggest that CSV initiatives often take several years to materialise, and benefits to be achieved (see Figure 35).

Figure 35: CSV Benefit Timeframe



Whilst some companies were more advanced than others along their Shared Value journey, we asked what support mechanisms would increase momentum. Respondents indicated more was needed in terms of measurement, including tools, techniques and methods. The research also indicated that storytelling or case studies highlighting experiences would definitely be beneficial. Importantly, advancing dialogue and partnerships was seen as a very important to providing them with the relevant support structure in their pursuits of CSV (Figure 36).

Figure 36: CSV Support Mechanisms



"We believe that the more people are aware of the potential to create Shared Value, the more they are inspired to seek out ways to create Shared Value." ***Company Golf***

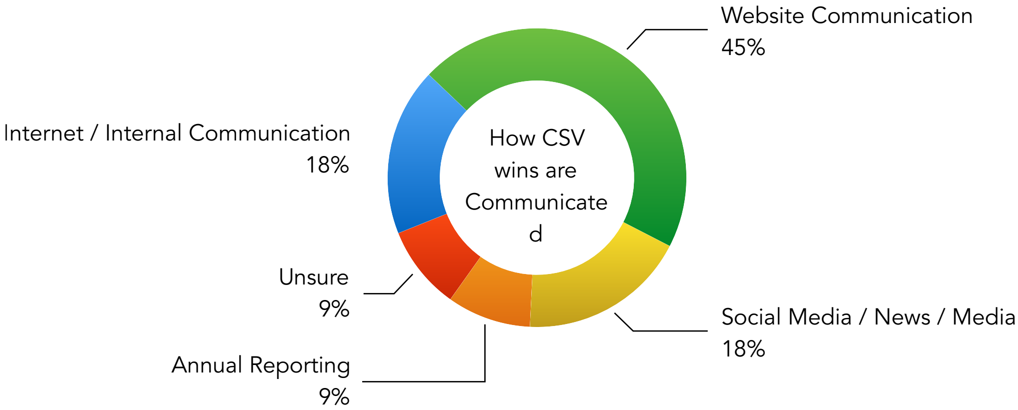
"We saw the benefits immediately, once we understood we can have a positive impact on society by doing what we do. This then gave our staff a clearer purpose which in turn has helped lift the levels of commitment." ***Company Juliet***

4.2.5.4 Block 10 | Communication

It is accepted that creating Shared Value takes time to mature and isn't achieved overnight - it's a journey that can take several years or more. It requires a high level of commitment and engagement for a company to transform their vision into value.

Communicating the results and progress at every phase is crucial as it maintains momentum and provides an opportunity for evaluation and reflection.. The whole point of evaluation is to use the findings to inform decision makers and stakeholders so they may take action—appropriate and useful action. That action should be the right action for the right reasons. Communicating success frequently and celebrating process improvement implementation milestones is a proven way to keep stakeholders enthused and motivated. When asked how companies are communicating such wins - most do so via website communication, intranet and email, or social media and media, with very few reporting on CSV in their annual report (see Figure 37).

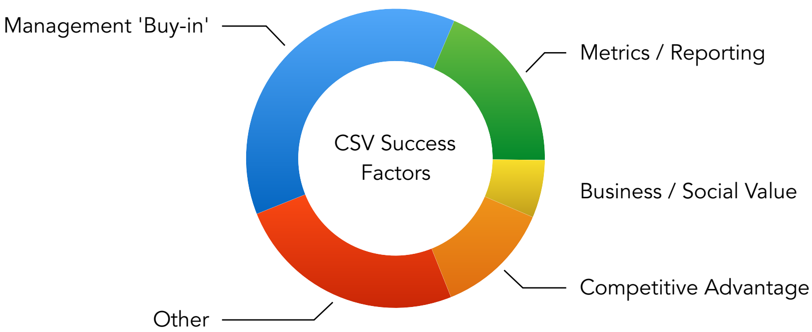
Figure 37: How Companies Communicate CSV Progress



Theme 5: CSV performance needs to be communicated to learn from results

Whilst it is expected that this will change significantly as companies are expected to integrate financial, environmental and social performance, some companies are determined to highlight their success, and see CSV as a catalyst to achieving competitive advantage (Figure 38).

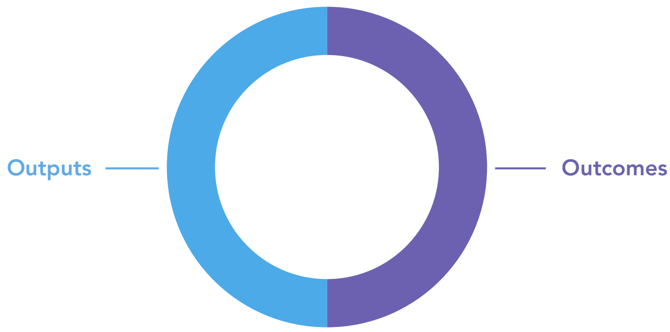
Figure 38: CSV Success Factors



Companies were also asked what was the next step in their Shared Value strategy with all respondents indicating their intent on extending, enhancing or scaling their strategy.

- *"We are committed to ongoing, continuous improvement and provide opportunity for scale by embedding standard processes and systems."* ***Company Lima***
- *"We are currently developing an organisation wide strategy that will support expansion of existing Shared Value initiatives and development of new ones but embedding it into the organisation as a whole."* ***Company Alpha***
- *"We are definitely planning to continue with the current approach. We plan to invest in and remain focused upon our exiting Shared Value creating initiatives."* ***Company Golf***

Effective companies go far beyond traditional CSR reporting, employing a range of communication approaches to reach specific groups in targeted ways. The organisations have a clear sense of who consumes the information they provide, what these audiences need to know, and how to meet those needs efficiently.



4.3 Part B: Outputs and Outcomes of CSV

This section presents the outputs and outcomes of CSV for companies involved in this research. The literature indicates that Shared Value is *"enhancing the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates*' (Porter, 2012). This can be achieved through three Shared Value strategies:

1. **Reconceiving products and markets**
2. **Redefining productivity in the value chain**
3. **Enabling local cluster development**

A further strategy is proposed by Moon (2010), to encompass 'core competence' that is, a company's core competence allows it outperform its rivals through cost leadership or differentiation. Once a choice is made, companies can use any of the preceding strategies to achieve their objectives. In essence, this becomes determinant of CSV implementation.

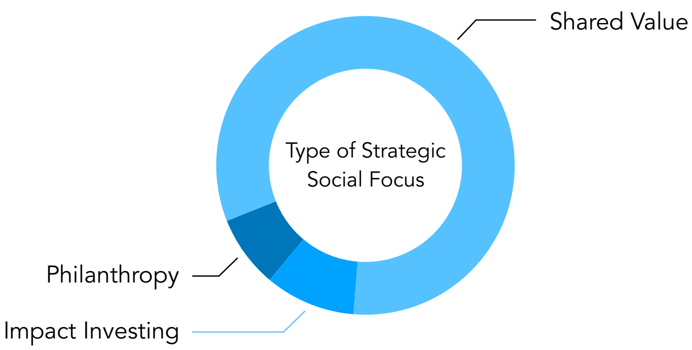
4. **Core competence (an extension of Porter's prior three strategies)**

The research identified four key outputs that companies attained when implementing CSV using one or more strategies noted above: (1) Societal Value, (2) Economic Value (3) Brand Value, and (4) Competitive Advantage. Whilst companies indicated various outputs, the scale and magnitude varied depending on the nature of the initiative. Kurucz, Colber and Wheeler (2008) assert that companies best perform when focussed on core operations, and within their spheres of influence and responsibilities to society. The research highlights how organisations achieve benefit, and the expected outcomes pertaining to their Shared Value activities.

Porter and Kramer (2002) initially explored how corporate philanthropy can create social and economic value using social programs to enhance the company's competitive advantage. Then in 2006, a broader analysis of how to integrate CSR core business strategy was undertaken, and the term 'Shared Value' was coined for the first time (Crane et al., 2014). Whilst the literature indicates a relatively expedient progression from philanthropic activities to those that represent CSV, the research indicates that companies haven't totally abandoned 'gifting' activities. Porter declared this as being the '*reinvention of capitalism*', which holds the promise to address societal issues through business activity.

The research indicated that few respondents were committed to philanthropic activities, and impact investing, or opportunities for investments that deliver positive social and environmental impact alongside financial returns. Interestingly, impact investing is similar to CSV in that it is hinged on a profit motive underlying whether a company will invest the necessary resources to pursue the social outcome.

Figure 39: Types of Strategic Social Focus



CSV was represented by the majority of respondents (Figure 39), if we were to align Impact Investing with Shared Value - then the social focus of companies is dominated by 'win-win' activities, that target profit and purpose. This sentence doesn't make sense. When respondents reported the types of strategic social focus (Figure 39), the majority noted Shared Value, where win-win initiatives aim to achieve both profit and purpose. Shared

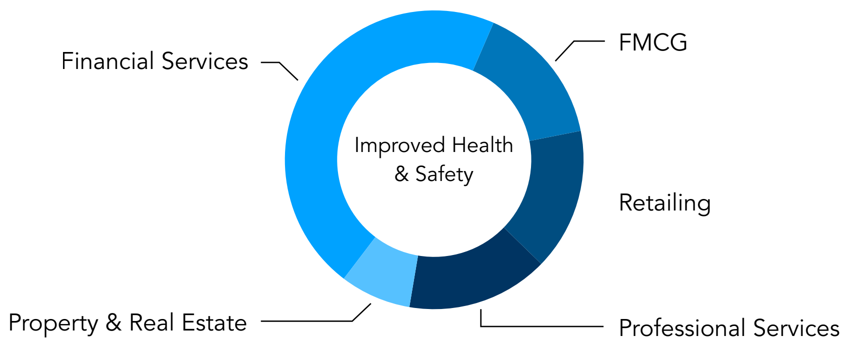
Value was selected above philanthropy and impact investing as their organisation's strategic social focus.

Shared Value recognises that the health of any business is inextricably linked to the long-term prosperity of its clients and communities. Through applying a Shared Value lens, companies can discover entirely new avenues for growth at the intersection of social needs, their business priorities, and their unique assets and expertise. When respondents were asked what outputs and outcomes they achieved through their CSV initiatives, success stories were reported through targeted health initiatives such as employee health and wellness mental health programs. Other programs achieved reduced risk and premiums, or improved education (Figure 40).

Figure 40: Targeted Societal Impact through CSV

These initiatives were represented across various industry sectors. The financial services sector was the most prominent in this space, represented by both financial institutions and insurers. Figure 41 represents the industries using Shared Value strategies to improve health and safety within the communities they operate.

Figure 41: Improved Health and Safety



4.3.1 Societal Value

Porter and Kramer (2011b) maintain that CSV initiatives are aimed at the co-creation of economic and social value. They contend that business value is "outputs relative to costs, not just outputs alone". However the definition of societal value is more complex, adding further contention as to whether or not business cases are in fact CSV inclusive. Mulgan (2010) maintains that "*a common understanding is that it broadly refers to non-financial impacts of organisations and interventions on individuals and communities as well as on social capital and the environment.*" Mulgan contends that societal value can be described in terms of outcomes and outputs - where outcomes are observed facts of outputs that incite organisational change, and outputs are the activities undertaken by the organisation to achieve its objectives.

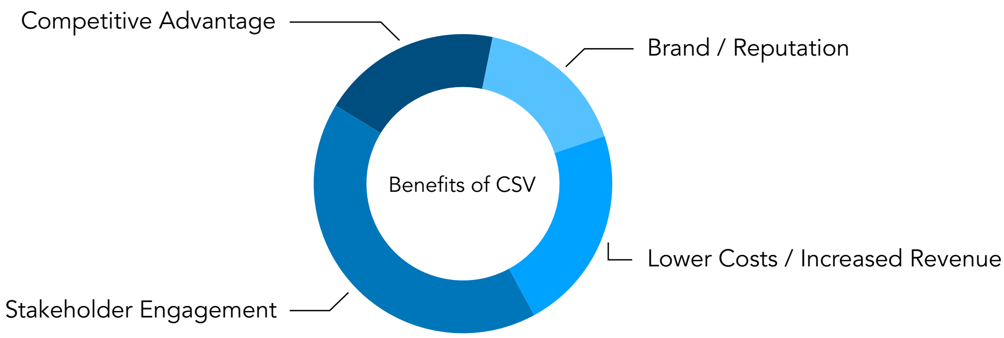
Societal Value = Direct Outputs + Long-term Outcomes

> *"The categorisation of social value as a combination of direct outputs and long-term outcomes provides the starting point for operationalising the pursuit of social value."* ***(Mulgan, 2010)***

Survey respondents were initially asked to indicate what societal impact their CSV strategy and initiatives aimed to address. A subsequent question was asked to gather understanding regarding the objectives of the strategy for the company. Half of the respondents indicated that the strategy was 'Moderately' achieved, whereas the other half achieved their strategic objectives 'Significantly'.

Companies that placed social issues at the heart of their strategy, were able to realise the benefits. The most prevalent being stakeholder engagement, followed by lower costs and increased revenue, in other words 'economic value'. Companies also acknowledged that a commitment to social concerns enabled them to achieve competitive advantage, which contributed added value in terms of their brand and reputation (see Figure 42).

Figure 42: Identified Benefits of CSV



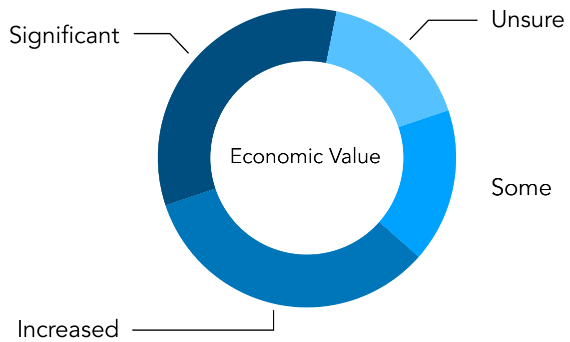
4.3.2 Economic Value

When considering Shared Value, the term 'value' refers to creating worth. Societal value such as progress on social issues, and economic value such as financial gains. CSV can contribute significantly to society and create returns for companies. Companies do this by establishing a business model to tackle societal problems whilst generating measurable returns. Fuelling economic growth in the areas a business operates, and achieving financial returns equates to economic value.

Despite the challenges of business model development, such as cost efficiency and achieving economies of scale, companies recognise that CSV business model development requires significant investment, process changes and research and development. Therefore, financial returns are not always immediate and may take several years to realise. In terms of timing, the research indicated that the majority of companies realised the benefits after five years. This may be due to the fact that efforts needed to be co-ordinated with external stakeholders to derive scaled outcomes (Henisz, 2013).

Specifically, respondents were asked whether they believed that CSV initiatives delivered economic value to their business. A third claiming CSV impact to be 'significant'. Some indicated that they recognised an increase in revenue, whilst others believed that economic value was delivered in part. A small number of participants indicated uncertainty as to whether their CSV strategies yielded economic returns. These results suggest that CSV does provide economic returns (Figure 43).

Figure 43: Economic Value across CSV Initiatives



"We have generated sales growth from socially progressive products like low alcohol beers and 'better for you' dairy and drinks products. We are 'future-proofing' our businesses by taking proactive action in these areas. There is reason to believe our efforts have contributed to healthier eating and drinking in our region. From an environmental perspective we have reduced costs while reducing our footprint."
Company Kilo

Company Hotel expressed that their Shared Value initiatives led to higher financial returns overall. Company Delta and Echo both experienced a reduction in claims, and Company Charlie experienced business growth, with an increase in profitability and reputation. Company Alpha however, achieved a 20% reduction in loan defaults, and new revenue lines through new financial products. Company Kilo and Lima stated that they've achieved significant financial returns.

Company Kilo who has centred CSV initiatives to underpin their core business, which they believe enables them to maintain competitive advantage in the impact areas of health and well-being, community engagement, and the environment. They have achieved significant economic value by delivering better nutritional outcomes; driving responsible consumption of food, beverage and alcohol products; proactively reducing their environmental footprint and finding ways to build community relationships. This provides a strong indication that CSV contributes to the establishment of competitive advantage, that is, companies that are operating with purpose outperform their peers (Serafeim. G.; Gartenberg, 2016)

4.3.3 Brand Value

An organisation's reputation is an important factor for success and is one of its most valuable intangible assets (Gibson, 2006) Researchers in marketing, public relations and communication agree that corporate reputation influences consumers propensity to purchase products and services (Mahon, 2012), and is therefore a powerful concept for companies and their stakeholders, as they use reputation to evaluate and communicate public opinion (Logsdon and Wood, 2002).

Organisations typically justify their initiatives on the basis of creating, defending and sustaining their reputation within the community (Kurucz, 2008). Hart, (1997); Lozano, (2015); Russo and Fouts, (1997), also believe that such activities advance corporate reputation, enhance learning capabilities (Shrivastava, 1995), and even attract or retain talent. Participants in this study reflected that their commitment to the community was critically important to their success, and many linked this to their brand. Of the responders that are actively pursuing Shared Value strategies, a third indicated that Shared Value builds brand value.

Research undertaken by Freeman (2013) targeting 5,527 Australians aged between 18-64, who indicated that individual sentiment regarding companies, demonstrated a strong relationship between CSV and reputation, stronger and clearer than that between corporate philanthropy and reputation. The results strongly supported a strategy to invest in CSV rather than solely relying on corporate philanthropy. Company Delta has realised the commercial value generated through community initiatives by monitoring positive sentiment towards its brands, as a direct result of their partnerships and programs. The results of direct participant surveys, external sources; and assessment of their operations and sustainability performance, Company Delta has climbed 14 places to rank 13 overall on the Australian Corporate Reputation Index (ACRI) - higher than any other insurer in the Australian market (N.I.B.A., 2017)

> *"The brand and marketing teams have been active supporters of our CSV program, as have the corporate affairs and communications teams. For some of our brands Shared Value is part of the value proposition."* ***Company Delta***

Respondents indicated various ways to measure the social and business outcomes of their business, including brand and reputation. However, the findings indicated that no single instrument of measurement existed to measure these. In particular, companies indicated that stakeholder views of their reputation were both challenging and important, as they generally evaluate a company's reputation based on what's important to them. Additionally, the research findings indicated that drivers of reputation included ethical conduct, community engagement and performance delivery.

Company Kilo routinely canvasses views on the business (every two years), their people and issues of importance from their stakeholders.- an expanded Corporate Reputation Study surveying the views of 500 of their leading stakeholders, and 2000 members of the broader community in Australia and New Zealand. With a community engagement score of 82%, they have seen improvements in trust and reputation, and have made active efforts to partner with stakeholders on areas of shared interest.

> *"Our reputation and community engagement surveys suggest we have built strong levels of trust, support and partnership with most stakeholders."* ***Company Kilo***

This research identified the benefit of CSV to a company's brand from two distinct perspectives: brand value and brand reputation. According to Smith and Westerbeek (2007), the benefit of 'brand value' refers to the notion that initiatives attribute to power and association of the respondents brand in attracting new customers and partners. Whereas 'brand value' can help sustain and improve an organisation's reputation within the communities in which it operates. Therefore, CSV can create competitive advantage by enhancing a company's reputation, and producing better results for the business, and in turn adding to the company's brand value.

> *"By behaving in this way we build trust throughout our value chain. Consumers are more likely to buy our brands when we can illustrate we are behaving responsibly. It gives us a competitive edge which is becoming more important as we make further progress on this journey."* - ***Company Juliet***

> *"Creating Shared Value is definitely brand enhancing, however we believe that it goes further than just brand. We believe that Creating Shared Value is a source of sustainable competitive advantage."* ***- Company Golf***

> *Theme 6: CSV contributes to brand value and reputation in establishing social licence to operate*

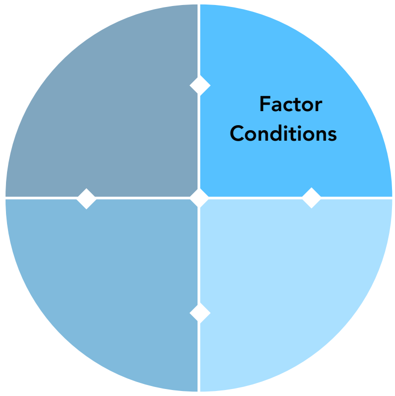
4.3.4 Competitive Advantage

Porter and Kramer also argue that a company's competitive advantage is intertwined with the well-being of the society within which it operates. Thus, by engaging in CSV, companies can increase their own level of competitive advantage as well as benefiting society. The choice between a cost leadership or a differentiation strategy to avoid *"the inherent contradictions of different strategies"* (Porter, 1996). Drazin and Howard (1984) argue that strategy and structure must exist in harmony to ensure successful implementation. Failing to align both, can negatively affect company performance and competitive advantage (Li et al., 2008), or simply get stuck somewhere in the middle without a coherent strategy (Acquaah, 2008).

In considering the competitive advantage of companies that strategically are centred around CSV, it's valid to consider Porter's Diamond Model as presented in the literature chapter, as the framework assists in identifying key variables for competitiveness. The model is centred around four interconnected social dimensions: (1) factor conditions, (2) demand conditions, (3) supporting conditions, and (4) rivalry conditions. Further, by looking at a CSV activity that leads to competitive advantage, it can affect the social dimensions of the competitive context. Therefore creating social impact on the value chain, sustainability, social licence to operate and reputation (Porter, 2002, Porter, 2006). Porter and Kramer (2006) argue that four factors guide leadership, strategy and decision making when prioritising initiatives and allocating resources. These are:

1. Factor conditions are those inputs that enable a company to achieve high levels of productivity. Inputs include available natural resources, financial and human capital and administrative infrastructure.
2. Demand conditions refer to the sophistication of local demands and the market. Regulatory standards influenced by unmet needs, product safety and quality and consumer rights.
3. Supporting conditions of related and supporting industries can be seen in terms of clusters of industry suppliers, and companies in related fields within a sphere of influence.
4. Context of strategy and rivalry are rules of competition, transparency, intellectual property, incentives and governing norms.

These factors are in response to the organisation's internal and external environment in which they operate. They further argue that by addressing societal needs with profitable business models, companies improve their competitive context and strengthen their competitive advantage.



4.3.4.1 Factor Conditions

Factor conditions underpin what Porter and Kramer (2006) propose as **'redefining productivity in the value chain'** in their CSV framework. They contend that opportunities for CSV can arise by utilising the company's available resources differently (redefining),.Companies are able to reduce the costs of external factors within their value chain, to achieve societal and economic gains. Banks for example are able to innovate around new financial products that target unmet social needs through reconfiguring their traditional operations and processes. The research indicated that banks created Shared Value at both a local and regional level to fuel economic growth.

> *"Alpha Care achieved a 20% reduction in loan defaults; new financial products and services have created new revenue streams"* ***Company Alpha***

The research indicated that banks were positioned to expand their supply chains and local economies by replicating their banking model through established trust and reputation in regional communities.

> *"In the first instance, we use a Shared Value model to run 300 bank branches; it has significantly lifted our reputation on a relative basis and increased our customer advocacy"* ***Company Charlie***

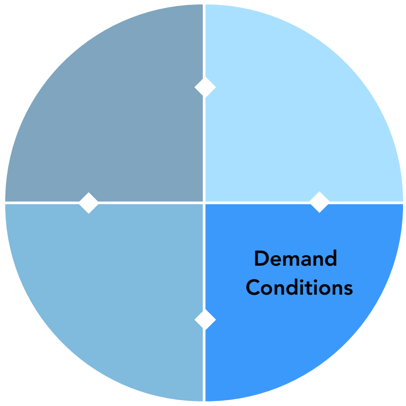
Insurers however are striving to identify underserved markets, an example highlighted through the research involved an insurer who designed a solution to deliver:

"risk transfer benefits and measurable business value to Indigenous communities"
Company Foxtrot

Professional service providers such as insurers, are seeking opportunities to reform processes and systems where there are inefficiencies and achieve greater productivity at both a local and international level. Company Golf is one such company that believe tax reform is required in Australia due to unprecedented budgetary pressure on federal and state governments. Since 2012, they have promoted informed debate regarding the mix of tax allocations and the impact this has on Australian business' international competitiveness.

> *We aim to help Australia transition from our present tax system to one which is likely to result in a significant increase in national productivity (and consequently income and living standards) and which is equitable.* ***Company Golf***

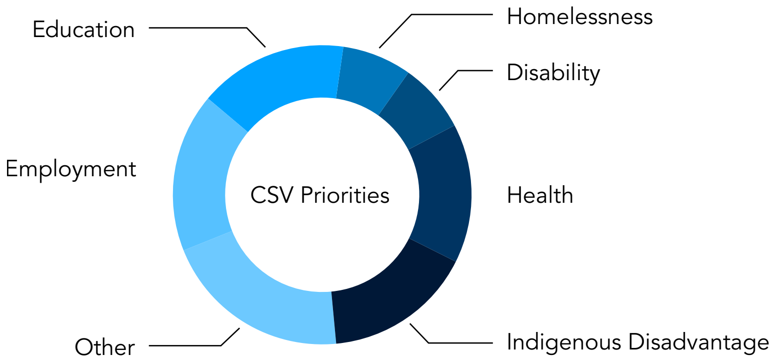
Another product developed by Company Golf encourages people within a community to connect and interact with others by listing neighbourhood initiatives.- fostering a greater sense of community and participation. In terms of a companies value chain, like business plans, companies need to evaluate their activities regularly to assess whether they are delivering on their strategy. This enables them to identify the hallmarks of potential threats and weaknesses, or where they are deriving competitive success. Being cognisant of such factors enables companies to achieve new competitive advantage.



4.3.4.2 Demand Conditions

Demand conditions are those that are unmet needs in the community, and are neatly aligned to what Porter and Kramer (2011b) have labelled **'reconceiving products and markets'**. They highlight that disadvantaged communities and developing countries present businesses with the greatest opportunity to target social issues. Traditionally, companies have created demand for their products rather than seeking undiscovered markets which they insist can be achieved through innovative practices.

Figure 44: CSV Opportunities to Drive Social and Business Outcomes



For example, survey results represented by Figure 44 illustrate that communities seek to provide access to education, employment opportunities, better housing and improved health. Participants indicated that such areas presented opportunities for them to achieve societal outcomes through innovative business models that provided economic returns. When asked what were some objectives of such strategies, respondents made the following comments:

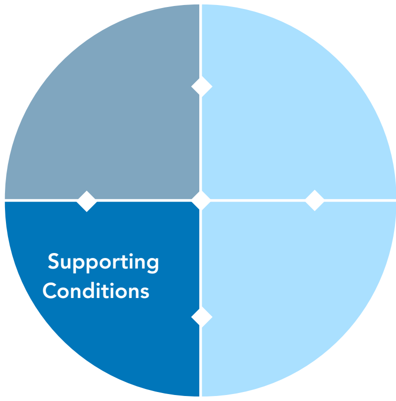
"To achieve economic value, innovative solutions for expanded customer base, innovation, R&D, profits, growth and employee engagement". ***Company Hotel***

"delivers our 'social license to operate', improves employee engagement, drives growth, direct and indirect community benefits, encourages a responsible supply chain, demonstrates our values are connected to that of customers and investor groups etc (multi-beneficial, a long list of business case benefits)" ***Company Lima***

Companies create Shared Value by seeking broader markets, and ways to add value to their existing customer base. The research indicated that this could be achieved through core business processes and stakeholder relationships, using core competencies within the company, or partnering with stakeholders to build capabilities. For instance, one insurer has adopted 'incentivised care' to reduce risk amongst their policy holders by dynamically rewarding them for improving lifestyle choices such as exercise and preventative health,. Another insurer rewards its customers for safe driving. A respondent in the FMCG sector is focussing their efforts on expanding their low alcohol product offering. Another sought to reduce service sizes of its sweets and snacks to tackle obesity.

"We have been successful in securing safety improvements to cars, motorcycles and roads - reducing the frequency of accidents and the severity of damage. We have introduced pricing that rewards customers for safer behaviour and mitigating the risk of damage. We have partnered with government and NGOs to encourage the government to spend more money on disaster readiness and prevention rather than just recovery." ***Company Delta***

Improved health and safety meant people are generally healthier, business productivity is increased, resulting in economic efficiencies and reduced costs to society. The adoption of a systems approach in consultation with stakeholders enabled interventions across the entire value chain to deliver outputs - better health by linking risk reduction and improved business results to deliver value creation.



4.3.4.3 Supporting Conditions

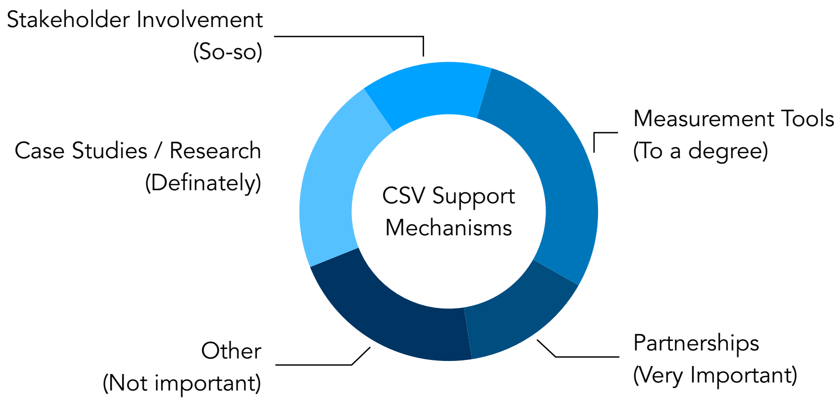
Porter and Kramer (2011b) suggested 'enabling local cluster development' as a third way companies can create Shared Value. They were of the opinion that the location of a company in relation to its stakeholders affected its 'productivity and innovation'. These supporting conditions and the formation of 'clusters', enable companies to create Shared Value by addressing any gaps or conditions in and around the cluster - an assertion based on Porter's cluster theory (Porter, 1990, 1998, 2000, 2011b).

In every company, productivity and innovation are strongly influenced by 'clusters,' or the partnerships, stakeholders and resources required for businesses to operate and expand. Without a supporting cluster, a company's productivity may be adversely affected, leading to deficiencies in the value chain, and unintended costs. For example, poor education impacts training costs, just as discrimination impacts employee availability, or a lack of transportation infrastructure increases the cost of logistics. In response, companies can build clusters to strengthen their partnerships with stakeholders through open and transparent markets, improving their own productivity while addressing gaps or failures in and surrounding the cluster. This enables a more efficient supply chain at a local level within familiar markets

> *"When you demonstrate a long-term commitment it builds trust, and people are very open to working with us. There are already some great things happening in Australia, and momentum for Shared Value is growing."* ***Company Echo***

In order for companies to pursue Shared Value markets profitably at scale, it's imperative that a proactive effort is made to foster key relationships with stakeholders long-term within and around the cluster.

Figure 45: CSV Supporting Mechanisms



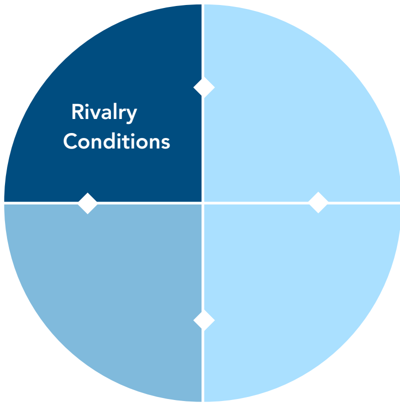
Participants indicated that they are focussed and committed to growing relationships with customers that target social or environmental benefits, and have shown potential for long-term growth. The research indicated that partnerships and stakeholder relationships were key in advancing Shared Value efforts (see Figure 45). Some notable comments include:

> *"…creates societal and business value; with strong social and environmental outcomes and strong external partnerships…"* ***Company Alpha***

> *"Our reputation and community engagement surveys suggest we have built strong levels of trust, support and partnership with most stakeholder groups."* ***Company Kilo***

> *"There is room in certain areas for us to work more collaboratively or in partnership with others in the future."* ***Company Juliet***

Clusters suggest that a good deal of competitive advantage lies outside companies and even outside their industries, often bound to geographic locations of operations. The research indicated that partnerships and stakeholder relationships were key in advancing Shared Value efforts.



4.3.4.4 Rivalry Conditions

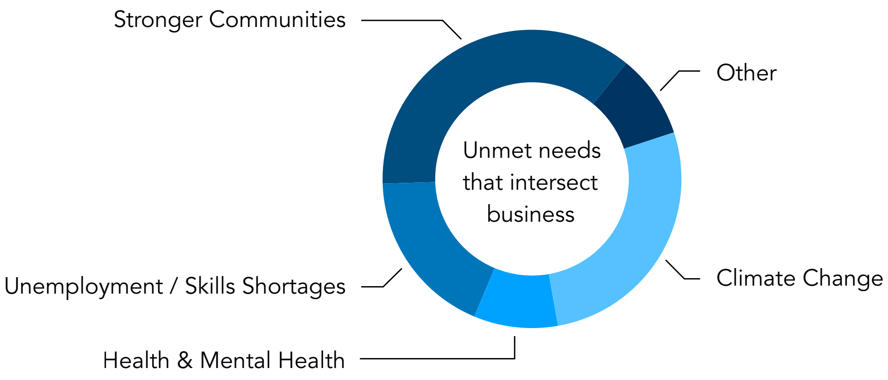
The rivalry context concerns strategy, a preliminary outlook as to how a business can address their customer needs (value add) better than their competitors. This is omitted from the preceding three strategies Porter and Kramer (2011b) formulated in the CSV framework. Porter (1980) and Moon (2010) contend that companies outperform their rivals in two ways - produce equivalent value at a lower cost, or produce greater value for a comparable cost.

Whilst Porter and Kramer (1999, Porter, 2002) refer to similar strategies, their concept of CSV presents the most compelling business case for companies to create added value through core business activities and within their sphere of influence. Arguably, the most difficult situation companies face is identifying **'what'** social challenges intersect their operations, and utilising their core competencies. Using Porter and Kramer's CSV strategy, asking **'how'** they produce equal value at lower cost, or greater value for comparable cost.

The research supported the literature reviewed on CSV to varying degrees. When respondents were asked **'what'** types of social challenges intersected their business operations that could be addressed by a Shared Value approach (unmet needs), the key responses were community resilience, climate change and unemployment / skills shortages, followed by health and safety.

> *"Captured in our sustainability/Shared Value strategy. We continuously scan for material issues to factor into our approach."* ***Company Bravo***

Figure 46: Unmet Needs that Intersect Business



"We manage Shared Value initiatives in respect of each of the following societal challenges: Positive relationships – strong families and communities; strong regional and rural communities; a positive drinking culture; better nutrition for all; preserving our lands and natural resources; employment and economic growth." ***Company Kilo***

In terms of addressing **'how'** companies achieve competitive advantage, they utilise their core competencies to address the various unmet needs that intersect their activities to create Shared Value. Figure 46 depicts the societal challenges that intersect the respondents business. Porter and Kramer (2011b) propose three strategies: reconceiving products and markets, redefining productivity in the value chain, enabling local cluster development.Companies within a cluster naturally develop specific competencies to outperform their rivals, and are able to address a diverse range of social issues through their CSV strategies. As a result, society benefits through varying and efficient CSV activities.

Porter contends that companies competing to enhance their competitive position, rely on information flow and incentives. Governments however utilise mechanisms such as policy, investment and intellectual property protection to provide a level playing field. Companies differentiate themselves based on product or service offering and pricing. Companies seek to innovate in ways that seize opportunities within this competitive context, and determine the necessary combinations of resource and capabilities through strategic decision-making. (Porter, 1991).

4.3.5 Summary

The purpose of this chapter was to outline the research findings. These findings specifically relate to how CSV is conceptualised from implementation, through to practical application, considering challenges, outcomes and outputs to drive competitive advantage.

Drawing on the views of CSV, by the sustainability and environmental functional managers surveyed and interviewed, the broad cross-section of data gathered proved to be more complex and descriptive than anticipated. Viewpoints offered by respondents varied considerably between companies and industry sectors. For some participants, there was inconsistent language and conceptualisation of CSV within their company. Despite this, the majority of respondents were aligned on several themes regarding CSV. For example, the need for a vision and ambitious goal setting by the company, CSV strategy that is embedded within the business holistically, the value of partnerships and the management of internal and external stakeholders in the delivery of CSV initiatives, and performance measurement of outcomes and outputs to communicate wins and maintain momentum in achieving impact at scale. Importantly, most companies indicated that CSV set them apart from their competitors and recognised the value of CSV initiatives in terms of brand, economic and social outcomes.

CSV remains an inconsistently defined concept with participants diverse descriptions hindering the acknowledgement of a universal definition. Moreover, this highlighted the need for greater consistency in language and understanding within the company. Despite such inconsistencies, the majority of respondents noted significant inroads into their CSV initiatives, led by a robust strategy supported by senior leadership, generally taking 2-5 years for the benefits to be realised.

When considering the business case for CSV, organisations need to prioritise initiatives within their sphere of influence. Impact was determined by the economic viability, and the expected social outcomes achievable throughout the utilisation of resources and strategic partnerships. Firstly, this was achieved by cost savings and return on investment (ROI).

Secondly, by competitive advantage as a differentiation strategy - that delivers economic returns for the business, and social impact for the community in which they operate. Thirdly, brand reputation and value were seen as an important justification and outcome of pursuing CSV and establishing social licence to operate.

In the following chapter - Chapter 5 - I will discuss the empirical findings presented in Chapter 4. The research questions and themes will be addressed through an in-depth discussion of the findings in the context of the theoretical framework applied in this research.

Chapter 5 Discussion

5.1 Introduction

This chapter provides a summary and discussion regarding the key findings presented in Chapter 4. Whilst the body of literature reviewed and the research findings are previously discussed at length, this chapter will discuss the research questions in the context of 'Shared Value', its orientation and pathways to implementation.

The research findings are important, as they provide valuable insight into current practices and constraints surrounding CSV strategies. They provide relevant empirical data to support the normative and ideological literature. The overarching purpose of this research is twofold: (1) to explore the implementation of CSV using Porter and Kramer's CSV framework, and (2) to determine the perceived business benefits of engaging in CSV. Accordingly, the following discussion is split into three parts: (1) CSV Implementation, (2) Outputs and outcomes and (3) Competitive advantage. Understanding the CSV priorities enable a targeted plan for implementation and action, measured outputs provide a basis for determining successful outcomes, to enable companies to outperform their competitors. Academic and practitioner relevance is illustrated, and research limitations acknowledged. The chapter concludes with a review of the current state of Shared Value in Australia.

The foundation of the research focussed on Porter and Kramer's (2011b) '10 Building blocks of CSV', in which ten implementation priorities are categorised within four focus key stages as per Figure 2 (page 66, 177) I associate the first two steps with strategy and the latter two with measurement. In succession they form a feedback loop that unlocks new value CSV measurement (Porter et al., 2012). This is discussed in the context of outputs and outcomes within the dimensions of economic, social and brand value, and competitive advantage based on four conditions (Factor, demand, support and rival).

Although empirical data is increasing in the area of CSV, for the most part, the theory remains normative and segmented in discussing CSV implementation (10 priorities), measurement (4 dimensions), and competitive advantage (4 conditions). The integration of the frameworks used to present the research findings, when combined, are illustrated by Figure 12 (page 118, 178).

Figure 47: Construction of Findings for this Research

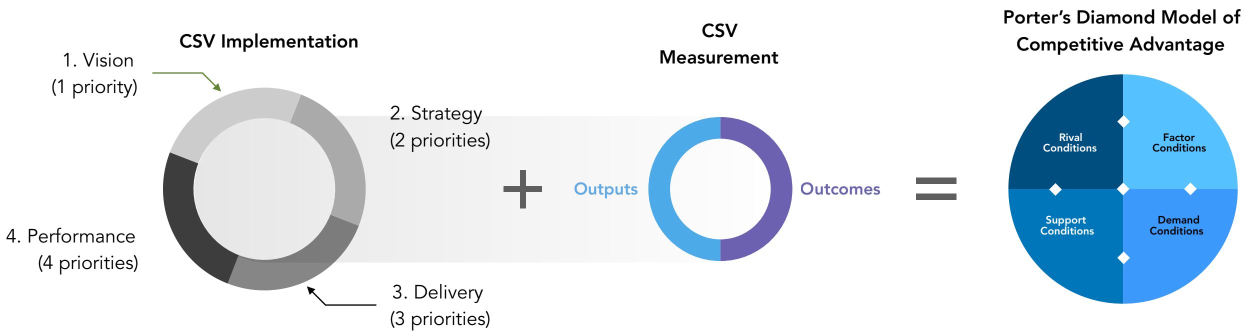
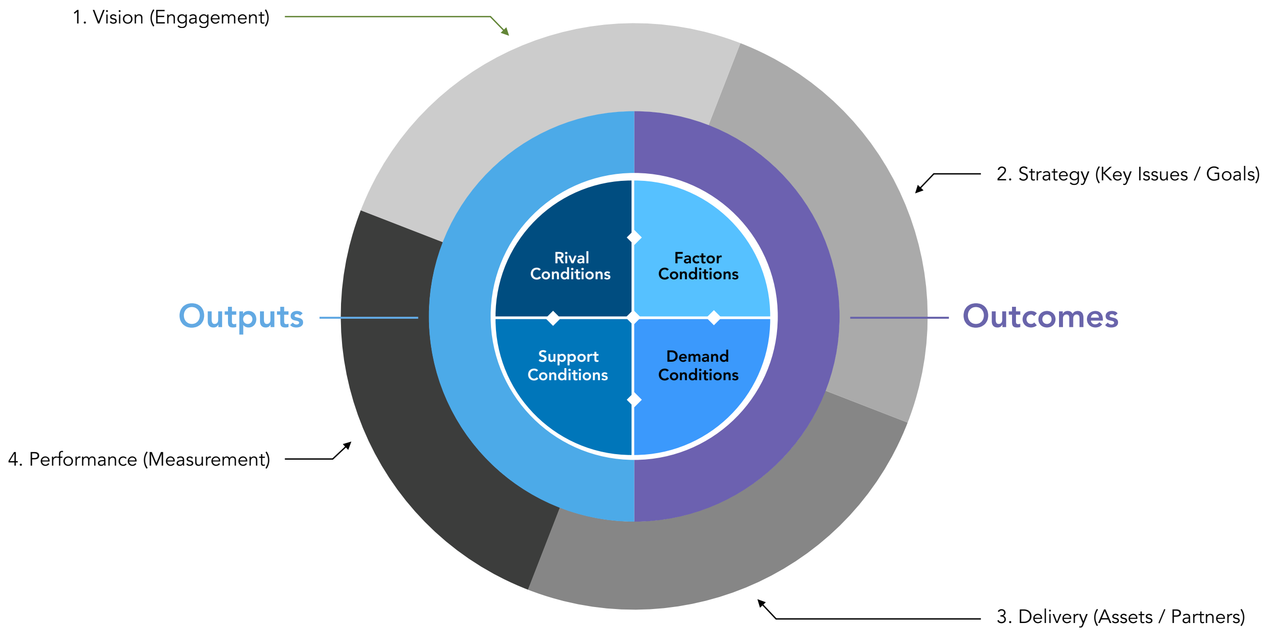


Figure 47 illustrates the combination of Porter and Kramer's 10 building blocks of CSV depicted as CSV Implementation within the four stages of vision, strategy, delivery and performance. CSV measurement is presented in terms of outcomes and outputs, which are tracked against the progress and performance of CSV initiatives or projects - the results of which are reported in terms of social, economic and brand value. Whereas Porter's Diamond Model of competitive advantage, classifies the core competencies companies use to address the various unmet needs that intersect their activities to create Shared Value.

Figure 12: Conceptual framework of findings



5.2 Interpretation of the results

Chapter 4 explored how CSV is implemented by Australian companies listed on the Australian Stock Exchange (ASX). The research explored how companies implemented and leveraged Shared Value strategies to achieve competitive advantage. Moreover, the research focused on several CSV initiatives by several companies who embedded CSV into their business strategy. This enabled the research to examine the degree of success (brand value, social and economic outcomes) and reveal characteristics and core competencies that are utilised by Shared Value companies to achieve competitive advantage.

The research findings are important as they provide valuable insight into the complex nature of business and the competitive landscape. A greater understanding of current practices and priorities surrounding the intersection of business activity and society provides crucial empirical data to the normative and ideological literature. Understanding core competencies enables companies to pursue a more targeted plan for CSV formulation and implementation. This is equally important for practice and supporting theory. Implications surrounding practitioners and academia are presented prior to the section on limitations, followed by the concluding chapter reviewing current progress.

The overarching premise of this research is to provide a greater understanding of CSV, and guidance for companies considering its implementation. Successful programs are exampled in an Australian context. The literature and subsequent analysis of the findings revealed a number of key themes:

Theme 1: CSV requires common language within the organisation;
Theme 2: CSV needs to be embedded into corporate strategy;
Theme 3: CSV requires support and belief from leadership;
Theme 4: CSV leverages partnerships for success;
Theme 5: CSV performance needs to be communicated to learn from results;
Theme 6: CSV contributes to brand value and reputation in establishing social licence to operate;
Theme 7: CSV attributes to long-term sustainability and competitive advantage.

Although empirical data has increased in certain areas, in discussing the emergent themes, the theory remains normative. Chapter 4 began with Part A: Building blocks of CSV implementation. This framework provided a critical narrative to discuss CSV implementation, and analyse it within the four stages introduced (vision, strategy, delivery and performance). This analysis identified that in Australia, CSV has inspired much activity amongst sustainability and business practitioners including NGOs. The research has provided valuable insight into the state of Shared Value, including practical examples of companies achieving commercial and social value through various differentiation strategies. Value was created from reconceiving products and markets, increasing productivity within their value chain, or forming clusters with relevant stakeholders. In either case, companies have been seen to leverage core competencies and capabilities to address targeted goals. In doing so, companies undergo a process of evaluation in order to identify key strengths and weaknesses within their sphere of operations, and a methodological approach is needed to clearly identify and plan CSV pursuits to add new value. The research explored this approach through FSGs (consulting firm) framework regarding strategy and measurement, and the 10 building blocks of CSV (Bockstette, 2011a), whereas the findings were discussed in terms of outputs and outcomes.

5.3 Innovating for Shared Value

Porter and Kramer (2011b) contend that companies that focus on achieving the twin goals of business and society benefits through a Shared Value strategy, are best positioned to achieve competitive advantage over their competition. Whilst they acknowledge that addressing social issues presents challenges for companies in terms of operational constraints, they maintain that vast opportunities for growth can be sought in the process. Focussing on long-term thinking, the research indicated that a commitment from leadership is necessary for companies to seize such opportunities, by setting the aspiration to drive the business toward a common objective. The success of which is reflected in a company's performance and how stakeholders are attracted. Whilst some companies have struggled to pursue or implement CSV strategies, the research has showcased several companies that have embraced the concept to take advantage of 'new' value created.

This research has surfaced profitable examples of how Australian companies are successfully addressing social needs within their competitive landscapes, the research has also provided practical advice for companies considering or struggling to achieve similar results, by following the steps illustrated in the implementation framework presented.

Pfitzer, Bockstette and Stamp (2013), maintain that innovating for Shared Value relies on five mutually reinforcing elements that are dependent on the company's culture, context and strategy. Yet companies struggle to understand how to identify and implement a Shared Value agenda.

1. Embedding a social purpose

Incorporating a social mission into the corporate culture, vision and operations is paramount in guiding companies in achieving their Shared Value agenda. The research indicated that companies had to be explicit, clear and aligned with stakeholders in their strategic decision making. More importantly, a clear understanding of these factors are required by all stakeholders both internally and externally to set the tone for **CSV, requiring common language within the organisation** (Theme 1). In some cases, this encourages companies to revisit their social mission and in other cases, leaders to direct the organisation toward a social purpose. Occasionally, purpose emerges from within organisations, when opportunities for social innovation are identified by champions within the organisation. In either case, translating Shared Value opportunities into a regular activity requires defining a clear social purpose, utilisation of resources both internally and externally, and embedding such into strategic planning and core processes, so as to foster a culture of innovation and stakeholder alignment. To reinforce the social purpose of the company, leaders inherently advocate and measure threats and opportunities that impact their business.

2. Defining the social need

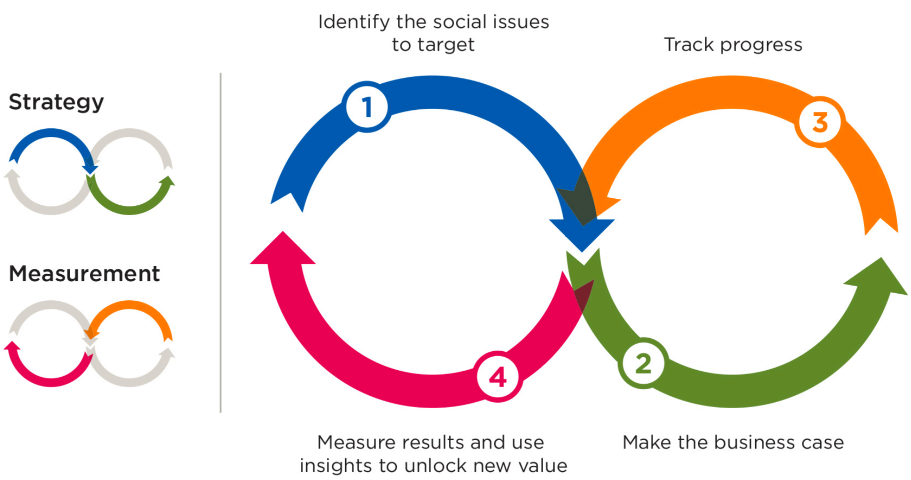
To better understand and address social problems, companies leverage resources to conduct extensive research to allow them to ascertain the magnitude of the problem. Then they identify who is impacted, more importantly, the length of time required to make meaningful inroads into realising social impact. If a company does not spend time understanding the cause and scale of a problem, the risks of implementing ineffective measures are much higher than expected (Pfitzer, 2013). Rather that responding to every social need that intersects their activities, companies often develop a comprehensive view of the problem to understand their capabilities and sphere of influence of stakeholders that can assist in overcoming the barriers of progress. This assists them in the allocation of resources, establishing the business case, and assigning responsibility in successful execution of established objectives. The research indicated that this was often a starting point for organisations establishing a social issue to tackle where they could orchestrate meaningful impact.

3. Measuring Shared Value

One of the key differences between CSR and CSV is measurement. Whilst CSR focusses on different performance measurements regarding sustainability, social and economic development impact, reputation and compliance - 'social responsibility', CSV measurement is concerned with the tangible intersection between business and social value. However, inherent challenges exist in measurement in general, as no universal instrument for doing this is currently available. To address these shortcomings, Porter et al. (2011a) developed a Shared Value Measurement Process (Figure 16), that are used extensively within business and CSR disciplines:

1. **Identify the social issues to target.** With profit maximisation and cost reduction in mind, companies target and rank social issues that intersect their business activities.
2. **Make the business case.** Create a robust business model to achieve competitive advantage, based on thorough research and realistic goals, specific activities and budget in determining a go/ no go decision.
3. **Track progress.** Incremental targets ensure progress is made.
4. **Measure results and use insights to unlock new value.** Measurement of results to determine success. Redesign if targets do not materialise, conversely design ways to scale and expand what works.

Figure 16: An integrated Shared Value strategy and management process includes 4 steps



(Source: FSG, 2012)

Although it is not required by law, Australian companies have adopted integrated reporting, a practice that puts together information on all of a company's value drivers regarding how they are performing. Where traditional financial reporting focusses on historical financial performance, integrated reporting includes social performance, and the company's ability to execute on its strategy. Integrated reporting helps identify whether past earnings are likely to be sustainable in the medium to long term.

The only legal obligations on sustainability reporting in Australia are defined under the Corporations Act 2001 including:

- requiring companies to include details of breaches of environmental laws and licences in their annual reports; and
- requiring providers of financial products with an investment component to disclose the extent to which labour standards or environmental, social or ethical considerations are taken into account in investment decision-making.

The ASXs Principles of Good Corporate Governance were revised in 2007 (ASX, 2014). In particular, listed entities must decide whether to comply with the important revised Principle 7 — Recognise and Manage Risk — and the consequences of this decision. Compliance is optional, but failure to comply may alienate important stakeholders. Principle 7 requires companies to make an informed disclosure about their management of material business risks, including 'sustainability' risks.

The research indicated that most companies have some form of reporting that:

I. Estimates the business and social value achieved - this is achieved by establishing intermediate measures, the degree of change in a social condition that drives profits or reduces costs, and the resources required to achieve this. Hence, the process is somewhat iterative as the factors and degree of social change determines the business value yield, and the propensity to attract ongoing investment.
II. Tracking progress of initiatives underway - The business plan acts as an instrument to monitor the initiative's progress - the social and business benefit achieved. The goal is to scrutinise the social and business results, to ascertain which approaches do and don't

work, and make changes accordingly. Companies often use metrics to monitor intermediate progress due to the fact that some initiatives take time to materialise; and

III. Assessing the Shared Value produced - measuring the ultimate social and business benefits helps companies expand to new areas and justify additional investment.

Reporting can help to bring a systematic approach into the management of CSV activities, identify future risks and opportunities assisting in decision-making, and contributes to the companies overall competitive advantage. **CSV performance needs to be communicated to learn from results** (Theme 5).

4. Creating the optimal innovation structure

This optimal innovation structure implies launching and developing an initiative when there is a clear social purpose, and a deep understanding of the problem, the company has the core competencies or identifies the skills to solve them, or build a strong business case to pursue a partnership - integrating with a legacy business such as a social enterprise. Many social enterprises have the necessary resources, skills and motivation to assist companies embarking on a social agenda, this was also revealed in the findings as companies emphasised the importance of partnerships and stakeholders in identifying the relevant expertise, and allocating the necessary resources.

The formation of a semiautonomous unit within the business assists in shielding such a partnership in the event that if fails to achieve the company's normal financial requirements, as such endeavours require an investment that often takes several years to become profitable. Some companies seek philanthropic or government funding when faced with unforeseeable profitability, allowing entrepreneurs the latitude to pursue innovative endeavours without placing their careers or other business prospects at risk. The research suggested that most organisations commenced their CSV initiatives in this manner, once projects were realised and the right partnerships formed, steps were taken to replicate the results at scale, essentially mitigating themselves from risk until the projects proved successful.

5. Co-creating with external stakeholders

Authors of CSV and in fact the findings of this research contends that successful CSV implementation requires it to be central to the companies strategy and vision, it must be embraced by all levels within the organisation, hence resources and assets are leveraged across the business, and performance is measured to verify its progress. CSV approaches require all five elements to create social and business value: social purpose, a defined need, measurement, the right innovation structure, and co-creation that in combination act to reinforce one another.

Co-creation with external stakeholders is facilitated by the alignment of several factors. A shared social purpose is important in establishing a common goal and a trusted relationship. An understanding of the operating environment, and the needs within a company's sphere of influence, an opportunity for change determines the optimal innovation structure for co-creation, whereby the business and social value can be anticipated, and the capabilities from new hires or external partners can be determined.

The research examples leading companies are succeeding in Creating Shared Value by addressing these five elements. Whilst the social issues targeted, resources deployed, or time taken to achieve desired outcomes and scale differs between organisations, the opportunity for social progress and competitive advantage can be achieved.

5.4 Business case for CSV

According to Schaltegger, Lüdeke-Freund, and Hansen (2012), the business model should become a platform for the creation of business cases, that are to a large extent systematic and replicable for scale, and that enable operational activities to contribute to economic and social progress (Upward & Jones, 2016). Directed by implicit or explicit strategy, the business model enables companies to achieve superior performance and achieve competitive advantage (Casadesus-Masanell & Ricart,, 2010, Porter, 2016), that encompass both social and economic goals (Upward & Jones, 2016) such as the various cases presented in this research. It forms the central tenant around the second theme identified in that **CSV needs to be embedded into corporate strategy** (Theme 2).

Business success is invariably influenced by certain drivers such as costs, risks, sales, reputation, or brand value (Rendal, 2015), for example insurers define decreasing cost of insurance as a strategic business case driver. Allowing more customers access to affordable premiums based on incentivised goals - central to redefining products and markets with the strategic goal of increasing competitive advantage and lowering claims.

Zott, Amit, and Massa (2011) assert that business models dictate operational activities to enable value creation, and the sustainability of the business is reliant on operational activities that develop, maintain, and enhance business case drivers in executing a company's strategy. According to Lüdeke-Freund (2009), two important considerations must be factored in delivering on its success:

1. Business models are subject to change, and may require a unique set of activities or a completely new business model to adapt to the strategy;
2. business models may determine and constrain strategies, and vice versa. The business model may hinder innovation and limit strategy making and business operations

The research revealed such cases amongst banking institutions whereby new activities were implemented to accomodate customers defaulting on their mortgage payments, rather than forcing foreclosure, the banks engaged expertise to understand and translate constraints imposed on customers, re-designing traditional models to assist customers in meeting their financial obligations - minimising default costs and retaining customers as a consequence. This is one example of business model innovation, **leveraging partnerships for success** (Theme 4) - understanding and overcoming financial barriers.

Personal leadership is indispensable to operationalising a company's purpose. Leadership architects the plan to engage and align the organisation, identifying and enabling the allocation of assets to align the business in order to achieve a shared purpose - **CSV requires support and belief from leadership** (Theme 3), it is imperative that it is authentic so as to operationalise activities. Operationalising a purpose organises human effort and assets at a deeper level (Chevreux, 2017). This means that a company moves continually towards opportunity, being agile in the process and fine tuning as the situation demands systematically. It demands expansive thinking, and drives innovation and progress.

FSG, Porter and Kramer (2011b, 2012) stress the importance of leadership in communicating strategy to all stakeholders so as to create alignment, motivation and avoid distractions in achieving set goals. Leadership is responsible for measurement and progress against strategic objectives, and using metrics that capture implications of strategic outcomes against activities undertaken, and how to sell the strategy to financial markets. The objectives require a level of innovation and liberty to enable ambitious leadership to deliver. The research indicated the importance of leadership from the very top (37%), and clear lines of communication between functional divisions (49%) to spearhead various CSV initiatives, similarly strategic adoption and organisational buy-in and belief was equally important (40%), including their divisional levels (40%), and group levels (10%).

Company Kilo is an example of a Shared Value company that is led by a committed leadership, their purpose is clear "championing sociability and helping people to live well". Company Kilo like other Shared Value companies ensure that their purpose is at the heart of their operations. CSV enables Company Kilo to execute its strategy with the support of the local community, growing stakeholder engagement, trust and developing its people in the process - it delivers new avenues for growth and brand value. **CSV contributes to brand value and reputation in establishing social licence to operate** (Theme 6).

For example, they're taking a leadership position by improving the nutritional profile of their dairy and drinks products, engaging local suppliers from Australian farms, aligning consumers desires to eat better quality, less processed and more wholesome food. This is a deliberate investment in enabling local cluster development by providing supporting conditions for local farmers, building value for their brands and promoting sustainable supply chains.

Another example of Company Kilo's business model innovation affords their dairy farmers the opportunity to access brewers' grain from their brewery operations - a high quality stockfeed at discounted rates. The stockfeed is a major expense of farmers that improves farm productivity and milk output. Company Kilo has been able to alleviate some of these costs for farmers whilst inherently reducing the cost of brewing waste. This in turn builds stronger stakeholder partnerships beyond terms and price and fosters long-term relationships.

Effective delivery of CSV activities is reliant on holistic and co-ordinated efforts, that leverage available assets and expertise within the organisation (functional divisions and business units), and those identified from external partners and stakeholders. This co-ordinated process assists in identifying and re-enforcing value creation and goal setting, considering stakeholders and partnership required to create shared benefit. Companies risk creating value for one stakeholder at the expense or detriment of another, a responsible company will ensure alignment of expected outcomes for all stakeholders so that expectations are managed and value opportunities are realised (Bocken, 2013, EY., 2013).

In delivering and creating value, companies target certain activities whilst ignoring others, and in doing so employ the aforementioned assets and core competencies to establish the necessary infrastructure to capture value. Implementing CSV as a core strategy enables a company to service unmet needs, establish legitimacy and build reputation, and achieve competitive advantage based on stakeholder relationships and differentiation in the marketplace. Krzyzanowska and Tkaczyk (2014) further attest that companies that pursue such an ideal are preferenced by customers.

The research has presented various examples of companies pursuing this approach using one or more of the strategies introduced by Porter, Kramer and FSG (2011b), the progress of which is measured to unlock 'new' value creation.

5.5 Competitive advantage and CSV

Porter and Kramer (2011b) introduced three strategic steps to CSV:

(1) Reconceiving products and markets,

(2) redefining productivity in the value chain; and

(3) enabling local cluster development.

This research combined those strategic steps with Porter's Diamond Model so as to identify variables for competitiveness, and in doing so a fourth strategic step was proposed by Moon et al. (2011) to define 'core competence' that was adopted in this research. Through the application of the Diamond Model and reorienting Porter's strategic three steps of CSV by adding one more. Moon et al. (2011) proposed Porter's Diamond Model's four determinants can be aligned in the following ways:

1. Factor conditions - redefining productivity in the value chain;
2. Demand conditions - reconceiving products and markets is for demand conditions;
3. Supporting conditions - enabling local cluster development; and
4. Rivalry conditions - defining core competence.

5.5.1 Factor Conditions

Whilst CSV is generally internally driven to address social issues that intersect a company's activities, such externalities inflict inherent economic costs in their value chain. A company's value chain both affects and is affected by different types of societal issues, such as natural resources, working conditions and health. Williams et al. (2013) assert that companies can "mitigate risks and boost productivity" by assessing their value chains. The research indicated that companies continually look for ways to achieve greater efficiency in production such as broader utilisation of resources, reduction in operating costs or increased profitability.

An example presented in this thesis was Company Juliet - that meets regularly with suppliers to receive feedback to ensure their procurement cycle remains relevant in meeting the requirements of the entire supply chain. Similarly, Company Kilo measures, evaluates and improves key areas of sustainability for their dairy farmers through their Dairy Pride program. Insurers continuously rely on customer input to assist in rapidly actioning claims and settlements. Financial products delivered online, and through mobile lending has redefined the way banks service customers.

5.5.2 Demand Conditions

Rather than creating new needs in society, Porter and Kramer (2011b) challenge companies to focus on existing markets and address societies unmet needs. They contend that economic prosperity can be achieved by “better serving existing markets, accessing new ones, or developing innovative products and services” (Hills et al., 2012). Opportunities can be found in emerging or underserved markets, where the social need is greater in particular, for low-income groups. Company Foxtrot and their partners, co-created an insurance product that services both the budgetary constraints and the unique needs of low-income earners. It has also allowed Company Foxtrot to experiment with a different type of product design process. Feedback and learnings have assisted them in better serving existing markets through product innovation.

5.5.3 Supporting Conditions

All companies are capable of creating Shared Value, however in order to do so, they rely on a system of support structures, and a network of agents and actors with competencies to co-operate in a cluster to create value. In addition to networking, a cluster enables companies within an industry or region the ability to share knowledge, expertise or resources to tackle broader social issues that deliver meaningful impact. ~Forging stronger relationships in the process and establishing a more inclusive business model as a result.Networking within clusters plays an important role in scaling or replicating successful Shared Value projects. With an emphasis on co-operation, companies within a cluster can apply successful strategies at an individual level to better compete, leverage new opportunities and form partnerships.

For example, Company Juliet's agricultural operation in Australia, is integral to the health of rural towns. Declines in agriculture profit has negatively impacted available services and increased incidents of poor mental health within the local community. At a premium, Company Juliet procures its raw materials from local growers near their rural factories to encourage local production and keep local suppliers strong. This ensures a higher quality output, a reduction in the cost of logistics, and supports a local community that is self-sufficient.

Company Hotel, a major land developer in Australia, has made a similar investment by engaging local contractors and suppliers in its activities throughout various geographic locations. Working with councils and businesses to form local clusters, helps forge stronger communities through local business engagement (capital retention). This facilitates local employment outcomes, and local spend to help communities thrive. The research indicated that by building supportive industry clusters at the location in which a company operates, then productivity and innovation are strongly impacted. Through this deliberate and targeted input, the local community can receive meaningful impact over a longer term and companies establish trusted networks that enable them to outperform their rivals. CSV contributes to long-term sustainability and competitive advantage

5.5.4 Competitive Conditions

In conducting the research and in particular in discussing the findings, the reliance on core competence cannot be underestimated. Within a competitive context, it is fundamentally about strategy - the ability to serve customer needs and create additional value, better than the competition. Porter (1980), stated that for a company to achieve competitive advantage it needs to deliver equal value at a lower cost, or greater value at comparable cost. However Porter and Kramer (2011b) believed that opportunities for CSV are found within a company's operating environment or sphere of influence. In determining 'what' a company should focus on to achieve CSV, they should identify their 'core competencies' (Moon, 2011).

In order to address the 'what' as a first step in CSV, a company should identify and define its 'core competencies'. Then identify the social issues to target, and find profitable ways to do so. CSV activities can be realised when companies within the same sector, with varying competencies, leverage their unique core competencies to address social issues. The research supported case examples where companies were using CSV strategies, as proposed by Porter and Kramer, to deliver social and economic progress.

5.6 Common issues with competitive advantage

The concept of competitive advantage is often diverse and confusing. In order to establish a general understanding for the purpose of this research, the concept of value as put forward by Bowman and Ambrosini (2000, 2001), was used. Bowman and Ambrosini. distinguish between value creation and value capture within the back drop of competitive advantage. Their interpretation lends itself to three common, closely related issues associated with competitive advantage, that is, how value is created, protected, and captured.

Jayaraman (2007), assert that a company's competitive advantage is achieved through the creation and appropriation of value using a novel combination and exchange of company resources. They further contend that value creation influences the magnitude of competitive advantage, while value appropriation dictates the share of advantage, and how long it will be sustained (Di Gregorio, 2013). Bowman and Ambrosini (2000) maintain that the value creation process entails the actions of individuals within the company that combine and transform the 'use value' that a company has acquired or "perceptions of the usefulness of the product on offer. The research presented the concept of 'value co-creation' that is derived in collaboration and/or partnership with other companies. Cove et al. (2011) states that in combining their resources, production and services, value can be created jointly. Practical examples presented in this research showcase co-created economic and social progress.

5.6.1 Business as an engine of societal progress.

The concept of Shared Value recognises that companies have the potential, resources, and capabilities to address environmental and social issues with innovative solutions. The idea of Shared Value is to create new value within existing value chains. According to some of the interviewees for this research, this approach offers an evolution to the role of business in society, emphasising that they can be agents of change and social progress, beyond the economic drivers that historically dictate their motives. They are positioned to search for value creation opportunities for both business and society.

5.6.2 A broader notion of value

CSV offers an extended interpretation of value creation beyond that of John Elkington's 'Triple Bottom Line (TBL)' approach. TBL integrates people, planet, and profit (Elkington, 1998), whereas CSV questions 'what is value?', and maintains that it is value created beyond economic, that encompasses environmental, social, and economic forms that is imperative. Although Porter and Kramer argue that CSV goes beyond sustainability, the conceptual differences overlap and are debatable. Effectively implemented, corporate sustainability culminates in Shared Value creation. Transitioning from customer and shareholder centric value creation to encompass stakeholders, companies aim to create value systematically and holistically through sharing activities derived from innovative business models to deliver win-win outcomes.

5.7 Linking business models for sustainability to Shared Value creation

Porter and Kramer state that CSV results from "policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates" (Porter & Kramer, 2011b). They maintain that it differs from other concepts reviewed in chapter 2 such as CSR, corporate sustainability, business ethics and philanthropy. CSV differs from CSR in that the tradeoffs inherent in CSR such as balancing the needs of society with a company's economic interest, act as 'window-dressing' with limited societal impact (Crilly et al., 2012). CSV bridges the gap between business self-interest and societal , whereby company resources are leveraged to address societal issues through redefining productivity in the value chain, reconceiving products and markets, and enabling business–community relationships.

5.7.1 Business Models for Shared Value:

The overlapping concepts of CSR and sustainability remain valid in examining and fulfilling the role of business in society despite the shortcomings presented in this thesis. Important to note, is the critique of Crane et al. (2014) who contend that Shared Value is an instrumental concept, that seeks profit-driven win–win situations rather than to redefine or broaden the purpose of business in society. Their critique is also associated with the concept of corporate sustainability and the motivations of business. The academic literature and practical application of CSR and corporate sustainability, have provided theories and concepts that provide a basis for companies to seek innovative business models that enable them to create value for society.

5.7.2 Partnering for success

The research findings suggest that some companies are exploring ways to partner with government or NGOs to create Shared Value. Yet to maximise the social impact and business value that results from Shared Value, the literature maintains that companies need to be much more creative about exploring partnerships with other companies (Rodin, 2014). Without a broad set of partnerships, companies will often lack the specialised know-how, scale, or broad perspective required to make the Shared Value strategy a business success and to help solve social problems at scale. Companies cannot create Shared Value alone. Partnerships enable companies to maximise their Shared Value commitments, whether in accelerating innovation, reaching new scale or aligning mutual goals.

Chapter 6 Conclusion

6.1 Introduction

This research reviewed the literature surrounding business ethics, stakeholder theory and CSV orientations, in addressing the research questions and themes. The research took a holistic and pragmatic approach to exploring the implementation of CSV initiatives, and the associated perceived business and social benefits. The research examined the various ways that companies identify social issues to target, implement strategy, manage stakeholders and measure value. In turn, the research unveiled key benefits in engaging CSV from an organisational perspective.

From a theoretical perspective, this research reflects a progressive shift towards the concept of Shared Value in management practice, indicating that social, environmental and economic goals can be strategically aligned to improve long-term business results.

This research extends the conceptual understanding of CSV, its implementation and measurement. CSV must be at the heart of a company's business strategy and operations, which leverages core competencies and resources to effectively create Shared Value. Moreover, the results provide practical, evidence-based examples of how companies are adopting CSV strategies to increase economic and social outcomes. This final chapter considers the implications of this research for academia and practitioners. It also discloses the limitations of this enquiry, as it proposes avenues for further study.

6.2 Limitations of the research

The generalisability of this research is limited by the nature and the size of the sample due to the small number of Australian publicly listed companies that are actively pursuing CSV activities. The research adopted an explanatory method whereby questionnaires mixed quantitative and qualitative methods, by combining closed and open questions, and subsequently semi-structured interviews in a second phase to generate similar reasoning. The research examined senior managers opinions and perceptions regarding their company's CSV activities. The quantitative study was effective in distinguishing companies that were undertaking CSV initiatives from those that weren't. Active participants were interviewed in-depth with the qualitative findings revealed through case study design.

It is acknowledged that further scope for interviews with participants not undertaking CSV activities remain, and would add to the question of why companies do not pursue CSV activities. While the research draws sufficient conclusions about Australian companies, it is not however, acquiescent in generalising conclusions that may be derived in other contexts or countries, whereby different findings may emerge.

6.3 Practical implications of the research

This research provides a number of practical contributions that are fundamental to CSV implementation. Whilst the findings of the research suggest that CSV remains contentious and that some companies struggle to differentiate CSV from CSR, common language and responsibility in decision-making will help bridge the gap for those pondering or struggling to make CSV inroads.

The research introduces Porter and Kramer's three distinct CSV strategies in the context of case studies to example practical applications of CSV in action. Moreover a fourth strategy is proposed to encompass 'core competencies' (Moon, 2011). From a theoretical perspective, this provides an extension to Porter and Kramer's framework and existing CSV literature.

(1) Defining core competence,
(2) redefining productivity in the value chain,
(3) reconceiving comprehensive targets, and
(4) enabling local or global cluster development.

In practice, these four strategies assist practitioners with guidance to seek opportunities in their value chain; apply an appropriate strategy to address the social need; and partner with stakeholders to maximise impact and scale. This research contributes to CSV current academic thinking and industry application in three ways. Firstly, research outcomes provide insight into the status and progress of CSV in an Australian context. Secondly, this research contributes to the business case for CSV across a number of industry sectors. Thirdly, it has outlined a model that considers a company's inherent competencies to create social and business value. Thus, the findings of this research are transferable contextually for both CSV literature and practice.

6.4 Future research focus

The findings of this research provide a sound overview of the concept of CSV, the business case, and implementation. Furthermore, it showcases business models that are successfully delivering economic and social progress at scale, and differentiating CSV companies from their competitors. The Shared Value concept appears to contribute to a company's sustainability through such differentiation, and by addressing societal issues. This is reported within the findings, however it is merely a snapshot of the performance of the various projects investigated. A longitudinal study in this area of research would investigate whether CSV provides long-term benefits for business and society.

The research also presented the importance of companies leveraging their core competencies and forging partnerships to successfully pursue a CSV agenda in accord with stakeholder and resource-based theory. Whilst the findings focus purely on a company's CSV activities, further research into stakeholder relationships is merited. Future research may also investigate the relationship between a company's core competencies and strategic investment. Whilst the research study investigated the state of Shared Value in Australia exclusively, similar studies in other countries would indicate whether similar results can be achieved in different economies. Empirical evidence would only assist in determining whether companies justify CSV as a strategic investment. In addition, it is anticipated that given the right conditions, a business can replicate CSV success.

Further research is also needed to examine business benefits in terms of brand and reputation in the context of CSV, and whether CSV companies are held in higher regard than their counterparts, or whether CSV activities in fact deliver brand value. A major gap in the literature regarding value measurement still exists. Whilst there exists numerous tools to evaluate a company's activities, difficulty remains in quantifying value beyond financial returns. This perhaps presents CSV with one of its greatest challenges - measurement. Companies continue to evaluate their progress so as to evaluate success and make improvements when necessary. Communicating achievements, and providing feedback also helps to influence and/or maintain momentum. Quantifying the value beyond economic returns, assists companies in articulating and making the business case for CSV investment. This presents a significant area for future research, as without valid tools of measurement - companies may struggle to justify CSV.

6.5 Concluding Remarks

The originality of CSV is not without its critics (Elkington, 2011, Crane et al., 2014). Proponents of CSR theory as early as the 1960s inferred that CSR practices should form part of the core strategy of business (Davis, 1960, 1967), and that companies could create economic value by solving societal issues. Several concepts, theories or frameworks emerged over the years in the same vein as CSV however, the focus on CSV lies on practicality not originality, its marketability rather than its literary value - appealing to business leaders, non-profits and governments alike.

Porter and Kramer have managed to present the CSV concept in a language that makes commercial sense - doing good things pays dividends, extending the notion of conscious capitalism and social responsibility.

In Australia, Porter and Kramer have been met with enthusiastic responses from large MNCs representing various industry sectors. The CSV movement is spear-headed by Porter and Kramer's consulting practice (FSG) and the Shared Value Initiative globally, and the Shared Value Project in Australia. Collectively, they provide research, summits and training providing utility to the concept and its adoption.

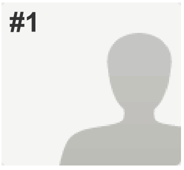
Whilst CSV ignores trade-offs between social and financial interests, it's an attractive option for business' to embrace in an effort to tackle societal issues. The research indicated that successful companies embed CSV at the heart of business strategy, benefiting from a culture that recognises the importance of social progress and the importance of economic returns. Moreover, companies particularly in Australia, recognise the value in CSV strategy as a means to do 'good', with competitive advantage as a desired dividend. CSV maintains that financial, societal and environmental benefits can be achieved simultaneously, and that opportunities exist within current value chains to deliver such outcomes. CSV is still in its infancy and it is yet to be seen whether it is a fad or a revolution in business practice, at the very least it is an evolution in thinking. Through practitioners, this research can assist companies contemplating Shared Value strategies, their sphere of influence in society, and their role as agents of change.

7. Appendices

Appendix 1: Initial Survey Instrument Sample

The State of Shared Value in Australia

#1



COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, May 21, 2015 11:44:03 AM
Last Modified: Thursday, May 21, 2015 12:18:49 PM
Time Spent: 00:34:46
IP Address: 203.35.0.38

PAGE 2: Company Profile

Q1: **Is your organisation:**	Publicly listed on the Australian Stock Exchange and an ASX200 company
Q2: **What is the annual turnover of your organisation?**	> $100 million
Q3: **How many employees does your organisation have?**	> 1,000
Q4: **In which sector and industry does your organisation operate? (the Industry Group classification used by ASX is below)**	Consumer Discretionary > Retailing
Q5: If you are happy to identify your organisation, please write your company name below.	*Respondent skipped this question*

PAGE 3: Social Purpose

Q6: **Does your company strategy include a social focus?**	Yes

PAGE 4: Social purpose within your company strategy

Q7: **How have you incorporated this social focus into your strategy?**	Corporate Social Responsibility, Impact Investing, Philanthropy, Corporate Foundation, Shared Value
Q8: **What social issues are you currently focusing on?**	Health, Other (please specify) Family violence

Q9: **What are the main initiatives within your strategy to help address these social issues? E.g. corporate volunteering, donations, ethical sourcing, etc.**

Direct contribution, customer fundraising, ethical sourcing, marketing and communications, ethical merchandising.

The State of Shared Value in Australia

Q10: What social impact do you aim to achieve?

Cultural change

Q11: What are the objectives of this strategy for your company? E.g. impact on profits, growth, brand, employee or customer engagement, etc.

impact on profits, growth, brand reputation, employee and customer engagement,

Q12: Has your company pursued a shared value strategy, now or in the past? Yes

PAGE 5: Social purpose within your company strategy

Q13: Why not?	*Respondent skipped this question*
Q14: Do you have any plans to review your current strategy so that it includes a social component?	*Respondent skipped this question*
Q15: What would need to be in place to integrate a social component into your company strategy?	*Respondent skipped this question*
Q16: As you may know, in March 2014, the ASX Corporate Governance Council released the third edition of the ASX Corporate Governance Principles and Recommendations. These include a new Recommendation 7.4, that an ASX listed company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if so, how it manages or intends to manage those risks.	*Respondent skipped this question*

PAGE 6: Shared Value

Q17: Briefly describe what your shared value strategy is and how it works:

We have a shared value project with the Salvos Stores - where donators of clothing (any) to Salvos Stores get a voucher which they can use in store when a purchase is made.

Q18: Development of the strategy

When was the strategy developed?	2013
Which part of the business championed the strategy? E.g. strategy team, CSR team.	Sustainabilty and Business Development
What support was provided by other areas of the business? E.g. input into business plans.	Merchandise, store operations

The State of Shared Value in Australia

Q19: Implementing the strategy

Who is responsible for the implementation of your strategy?	Sustainabilty and Business Development
Are there any external partners (e.g.non-profits) involved in the implementation of your strategy?If so, what was their role?	Salvos Stores - implementing voucher program from their stores (give them out) and data on this activity

Q20: At what level has your organisation implemented the shared value strategy?

Organisation-wide

Q21: Social and business outcomes

What social or environmental impact have you been able to achieve?	Increased donations, clothing recyclign and quality of donations for Salvos, redemption of vouchers with average spend of $74 in our stores
What has been the economic value created for company?	redemption of vouchers with average spend of $74 in stores
Do you believe that shared value builds brand value, and if so, how?	Yes, as is demonstrates our product stewardship, aligns us with another respected brand in the commuity (Salvos) and rewards customers for 'doing the right thing'.

Q22: Shared value measurement and communication

How are the above outcomes measured or demonstrated?Please indicate any measurement tools or approaches that are used to measure social or environmental impact.	Donation volumes, vouchers dirstributed, redemption rate and redemption spend at our stores
Is shared value included as a business KPI?	No
How does your company communicate about shared value activities, internally and externally?	Employee updates (several media and avenues), external website, Sustainability Report, media releases
As you may know, in March 2014, the ASX Corporate Governance Council released the third edition of the ASX Corporate Governance Principles and Recommendations. These include a new Recommendation 7.4, that an ASX listed company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if so, how it manages or intends to manage those risks.Has this impacted how you account for shared value in company reports?	We were reproting our sustainability risk comprehensively already thorgh both our Annual Report and Sustainability Report

Q23: To what extent have you achieved your shared value objectives?

Moderate,

Please elaborate:
We woiuld like to apply a Shared Value approach to all our community investment activity and this is a key part of our new Community Investment Strategy

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Q24: What has been the timeframe of your shared value strategy? (Months, years)

From idea generation to implementation:	3 years
From implementation to realising benefits:	3 years

Q25: What do you think are the key success factors of your shared value strategy?

Clear agreement of benefits and expectations form all stakeholders. Clear measures identified.

Q26: What were the main challenges that you faced when implementing your shared value strategy?

Getting beyond pure philanthropy and its tradition in our business.

Q27: What are the next steps in your shared value strategy?

Are you planning to continue with the current approach?	Develop it further
What do you plan to modify, e.g. to redevelop, improve or expand it?	Develop it further and apply it accross all our community investment activity
Are you considering any alternative strategies to achieve shared value, or social impact using a different approach? If so, what are they?	no

Q28: Do you wish to describe a separate shared value initiative? (Clicking Yes will lead to a duplicate of this page)	No

PAGE 7: Shared Value: Example 2

Q29: Briefly describe what your shared value strategy is and how it works:	*Respondent skipped this question*
Q30: Development of the strategy	*Respondent skipped this question*
Q31: Implementing the strategy	*Respondent skipped this question*
Q32: At what level has your organisation implemented the shared value strategy?	*Respondent skipped this question*
Q33: Social and business outcomes	*Respondent skipped this question*
Q34: Shared value measurement and communication	*Respondent skipped this question*
Q35: To what extent have you achieve your shared value objectives?	*Respondent skipped this question*
Q36: What has been the timeframe of your shared value strategy? (Months, years)	*Respondent skipped this question*

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Q37: What do you think are the key success factors of your shared value strategy?	*Respondent skipped this question*
Q38: What were the main challenges that you faced when implementing your shared value strategy?	*Respondent skipped this question*
Q39: What are the next steps in your shared value strategy?	*Respondent skipped this question*

PAGE 8: Shared Value

Q40: Why not?	*Respondent skipped this question*
Q41: Is a shared value strategy in development?	*Respondent skipped this question*
Q42: What is needed for you to incorporate a shared value strategy?	*Respondent skipped this question*
Q43: As you may know, in March 2014, the ASX Corporate Governance Council released the third edition of the ASX Corporate Governance Principles and Recommendations. These include a new Recommendation 7.4, that an ASX listed company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if so, how it manages or intends to manage those risks.	*Respondent skipped this question*

PAGE 9: Supporting your shared value creation

Q44: What support would help you to advance more shared value efforts, and improve your company's impact?

Sharing of examples, particularly impact measurement techniques.

Q45: What societal challenges intersect your business?Are there any that you believe could be addressed through a shared value approach?

Gender stero-typing, sexualisation of women, self esteem/body image, consumerism. Yes, we believe there are significant opportunities to address these issues through a shared value approach, where we can differentiate our brand on these issues.

Appendix 2: Interview schedule

There are 12 main questions, 1 optional question, and 3 additional branched questions. These questions may be posed as a written or online survey, questionnaire, or structured interview.

INTENDED AUDIENCE/DATA SOURCES

Audience: Any manager or decision-maker in your organisation that is aware of the company's shared value strategy.

Please note that we are primarily looking for responses from professionals working in companies.

Questions

The opportunity:

1. *What does the concept of CSV mean to you and your organisation? Please explain.*
2. *Do you see Shared Value as relevant to the future success of your organisation? If so, how?*
3. *What factors of competitive advantage influence your company's success? Can you attribute them them to company strategy and leadership, core competencies, stakeholders, demand, or other factors?*

The strategy:

4. *What are the key factors that make the business case for Shared Value in your organisation?*
5. *Has your organisation changed its internal processes, structures, policies, or practices to enable shared value creation? Please explain.*
6. *Are your stakeholders (internal and external) relevant in delivering on your Shared Value initiative? If so, how?*

7. *What data do you use internally today to understand and evaluate your shared value activities? How is it communicated?*

Challenges:

8. *What internal or external challenges or barriers are preventing you or your organisation from making progress on creating shared value?*

9. *Do you believe stakeholder relationships play a role in strategic decision-making? If so , how? Do stakeholders contribute to your companies competitive advantage?*

Lessons learned:

10. *In terms of your CSV strategy, how does your company respond to the changing environment and competitive landscape? How do you address stakeholder expectations?*

11. *How do CSV partnerships influence your company's sources of competitive advantage?*

12. *Does communication and stakeholder alignment influence the durability of competitive advantage?*

The Benefit:

13. *In the past 5 years, do you believe your company has made significant strides in creating shared value? Please describe the company's activities and any economic and non-monetary results achieved.*

14. *Does shared value impact your company's reputation or brand value for your organisation? If so, how?*

15. *(OPTIONAL) Please share any additional comments here*

Appendix 3: Case study protocol

Research project: Can shared value achieve competitive advantage within the private sector? An Australian Study.

Purpose and study questions

The impetus of this research is to investigate whether shared value strategy implementation can lead to competitive advantage, in terms of important issues: strategy, stakeholder management, and value creation.

The guiding questions for the case studies are:

? Part A: Implementation:

A. *How do companies implement CSV?*
   i. *How do organisations assign what priorities to focus on?*
   ii. *What strategies do companies employ to pursue CSV?*
   iii. *What role do stakeholders play in the implementation of CSV?*
   iv. *What is the value of CSV performance measurement, and how is it communicated?*

The main objective of this research question was to examine the way that CSV is employed within these organisations across aspects of stakeholder management, governance and strategy.

Part B – Business Case (outputs and outcomes):

B. *What are the perceived business outputs and outcomes of implementing CSV?*
   i. *What are the potential economic benefits of CSV?*
   ii. *What are the non-monetary benefits of CSV?*
   iii. *Does CSV contribute to a company's competitive advantage?*

Purpose and study questions

- Case selection comprises of twelve Australian companies to represent a cross-section of industries, size and age.
- Interviews process for the case study will be undertaken as follows::
  - The case selection is based on respondents that participated in the quantitative research, completed the survey in its entirety, and indicated they are undertaking shared value initiatives.
  - Senior leadership, namely CEO's or senior managers responsible for CSV strategic decision making will be invited via email or by phone to participate in the research project by way of interview.
  - Meeting dates and times will be scheduled with committed respondents, those that decline are thanked and excused from case consideration.

1. In agreeing to participate in the research, participants are expected to sign a consent form prior to the interview.
2. Participants will receive a copy of the following:
   I. a copy of the the consent form, and
   II. a copy of the interview schedule.

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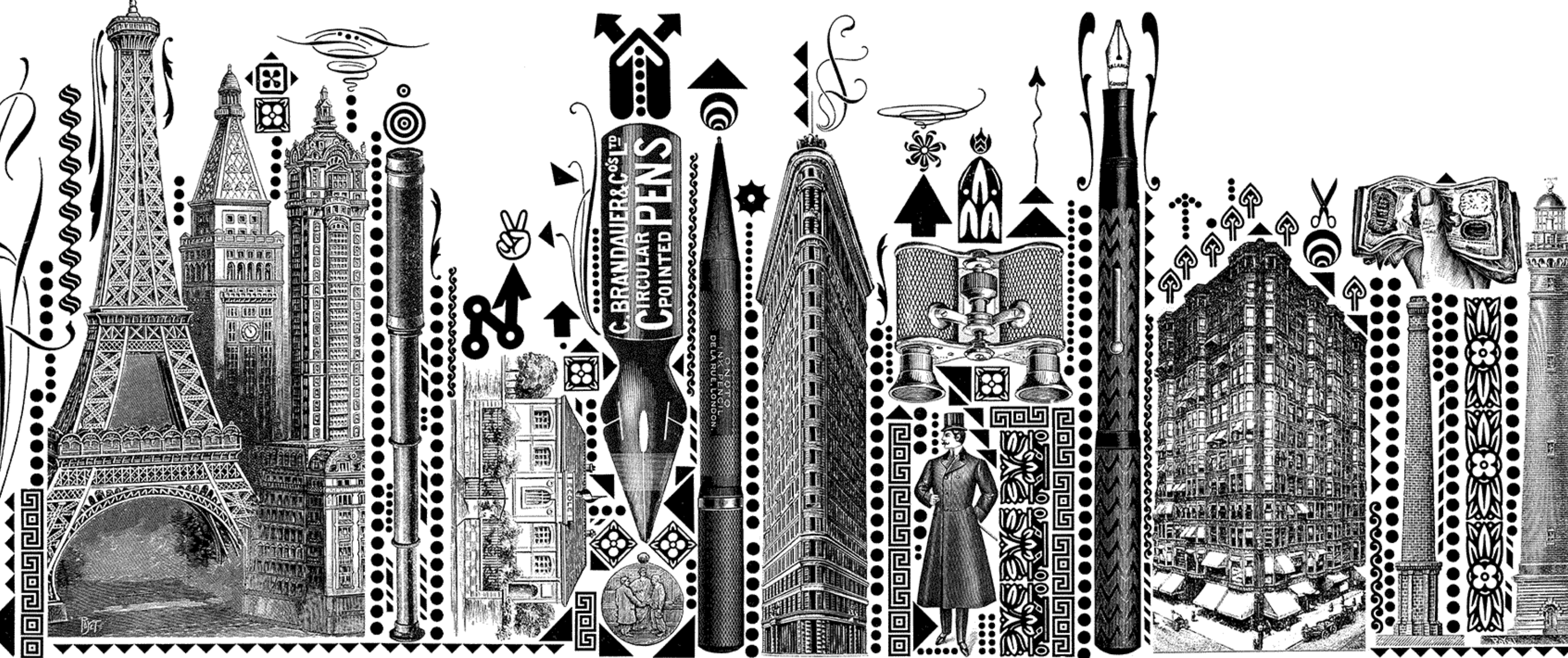
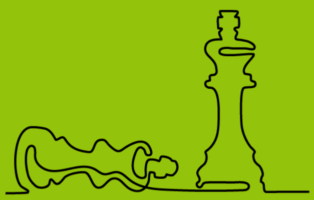
"CSV is about embedding sustainability and corporate social responsibility into business activities that result in economic returns and effect societal benefit at scale."

Michael Porter (2011)





Creating
Shared Value

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Competitive
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